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ABSTRACT

This document reports on those aspects of the findings of the National Study of Local Operations under Chapter 2 of the Education Consolidation and Improvement Act of 1981, the federal education block grant, that are concerned with the relationships among the federal, state, and local governmental agencies charged with administering federal educational grants. Particular attention is paid to the degree of influence exerted by the state and to the degree of administrative flexibility experienced at the local level as a result of the consolidation of several federal categorical grants into the Chapter 2 block grant. This report's introductory chapter reviews these issues, lists the research questions addressing the intergovernmental issues discussed in this report, identifies the administrative responsibilities associated with Chapter 2 at each governmental level, and describes the national survey and site visit methods used to collect data for this study. The second chapter discusses the interactions taking place between various government agencies, noting (1) variations in administrative procedures developed by the states; (2) effects on paperwork demands, monitoring, and audits; and (3) state intervention in local programing. The third chapter focuses on the effects of these procedures on local decision-making and local perceptions of Chapter 2. A concluding section summarizes the findings. Appendixes present error values for the report's tables and list categorical grant programs consolidated under Chapter 2. (PGD)

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THE EDUCATION BLOCK GRANT AND INTERGOVERNMENTAL RELATIONS: EFFECTS AT THE LOCAL LEVEL

A Special Issue Report from the National Study of Local Operations Under Chapter 2 of the Education Consolidation and Improvement Act

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January 1986

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Prepared for:

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Office of Planning, Budget, and Evaluation
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The conclusions of this report are those of the authors and contractors and do not necessarily reflect the views of the U.S. Department of Education or any other agency of the government.

Reports from the

National Study of Local Operations under Chapter 2

Michael S. Knapp Craig H. Blakely	The Education Block Grant at the Local Level: The Implementation of Chapter 2 of the Education Consolidation and Improvement Act in Districts and Schools
Michael S. Knapp	Legislative Goals for the Education Block Grant: Have they been Achieved at the Local Level
Richard Apling Christine L. Padilla	Funds Allocation and Expenditures under the Education Block Grant
Rhonda Ann Cooperstein	Participation of Private School Students in Services Supported by the Education Block Grant
Craig H. Blakely Marian S. Stearns	Involvement of Parents and Citizens in Local Decisionmaking Under the Education Block Grant
Brenda J. Turnbull Ellen L. Marks	The Education Block Grant and Intergovernmental Relations: Effects at the Local Level
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PREFACE

This document is one of a series of reports resulting from SRI's National Study of Local Operations Under Chapter 2 of the Education Consolidation and Improvement Act (ECIA). Chapter 2--the first federally supported education block grant--consolidated 32 former categorical programs into a grant of funds to all school districts, to be used for any of the purposes in the preceding programs. The block grant was implemented in school districts across the nation in the 1982-83 school year, following passage of ECIA in 1981.

In 1983, in response to numerous demands from the U.S. Congress, other federal agencies, and interest groups for information about the block grant's implementation and effects, and in anticipation of its own need to inform debate on reauthorization and appropriations, the U.S. Department of Education (ED) commissioned SRI International, in collaboration with Policy Studies Associates (PSA), to study Chapter 2. The 2-year investigation was to focus its data collection on the third year of implementation, the 1984-85 school year, although information was also to be gathered on the first 2 years of Chapter 2 and the year preceding it, the last in which programs consolidated into the block grant were operating.

The SRI study did not take place in a vacuum. For various reasons--among them, the newness of the block grant mechanism in federal education aid, the lack of a formal reporting route from the local to federal levels, the fact that shifting to a block grant format significantly redistributed funds--numerous smaller investigations were mounted by federal agencies (including ED), independent researchers, and others to examine Chapter 2's implementation. This research, which we review in this and other reports from the National Study, documented various effects of the block grant but also left many questions unanswered about the first and second years of implementation and the longer term.

Building on the foundation provided by these earlier studies, the SRI investigation had the following purposes:

(1) Describe local activities and operations under Chapter 2 in the program's third year, noting changes over the first 3 years of the program and changes from antecedent programs.

(2) Assess the achievement of federal legislative goals, in particular, educational improvement, reduction in administrative burden, and a increase in programmatic discretion at the local levels.

(3) Describe how the federal block grant mechanism (Chapter 2 funding, guidelines, and state actions or interpretations) influences school district activities.

(4) Determine how state and local education agencies evaluate their Chapter 2 programs and develop options so that the Department of Education can offer technical assistance.

(5) Draw lessons from the implementation and effects of Chapter 2 for future federal policies.

To fulfill these purposes and obtain a comprehensive description of local activities and operations under Chapter 2, the study is organized around five major topics. Each of these represents a purpose of the law or a set of issues regarding the block grant mechanism.

- Education service delivery (concerning the nature of education services supported by Chapter 2 and their contribution to improvement of education).

- Funds allocation and expenditure (concerning the types of expenditures under Chapter 2 and the influences on local spending).

- Local program administration and decisionmaking (concerning the way in which Chapter 2 is administered and the effect on administration/paperwork burden; the nature of the decision process, the participation of parents/citizens, and implications for the exercise of local discretion; local evaluation activities).

- Services for private school students (concerning expenditures for services to private school students and the delivery of these services; the administration of these services).

- Intergovernmental relations (concerning the roles and interaction of local, state, and federal levels under Chapter 2).

The results of the study have been reported in three ways:

(1) A comprehensive report, emphasizing descriptive findings in all topic areas and summarizing the analyses in special issue reports.

(2) A series of shorter reports addressing five special issues: intergovernmental relations (the topic of this report), the achievement of legislative goals, the allocation and expenditure of funds, services to private school students, and the participation of parents and citizens in decisionmaking.

(3) An options paper for state and local audiences regarding ways to evaluate activities supported by the block grant.

Titles and authors of all these reports are listed on the back of the title page of this document.

Michael S. Knapp,
Project Director

December 1985

ACKNOWLEDGMENTS

A study of this magnitude represents the ideas, energy, and perseverance of many people. We wish to acknowledge their contributions and thank them for their willingness to help the study toward successful completion.

First, we owe much to the patience and support of various state Chapter 2 coordinators, who listened to plans for the study, made suggestions, and encouraged their districts to participate. Those who sat on the study's Advisory Panel--Weaver Rogers, Darrell Arnold, and Carolyn Skidmore--and the members of the State Chapter 2 Coordinators' Steering Committee deserve mention; special thanks are due to, Wayne Largent and James Mendenhall who reviewed drafts of this report.

The findings of our research synthesize the responses of many school and district staff, school board members, parents, and others at the local level. To all who took the time to respond to our questionnaires or answer interview questions, we owe the deepest gratitude--for taking the time to provide information that helps those at a greater distance understand what the block grant contributes to their school districts. Particular school district staff who advised us during the course of the study deserve special mention: Todd Endo, Gerald King, Alan Osterndorf, Thomas Rosica, and Ken Tyson.

Numerous national associations and interest groups have helped shape the plans for the study, critiqued draft reports, or both--among them Susan Hennessy, Council of Chief State School Officers (also members of its Committee for Evaluation and Information Systems); Claudia Mansfield, America Association of School Administrators; Marilyn Rauth, American Federation of Teachers; Robert Smith, American Council on Private Education; Joseph McElligott, California Catholic Congress; Michael Casserly, Council of the Great City Schools; Arnold Fege, National Parent Teachers Association; Warlene Gary, National Education Association; John Purcell, Claudia Waller, Roger Sharpe, and Ed Kealy, National School Boards Association; James Jess, Rural Education Association; and Anne Henderson, National Committee for Citizens in Education.

In the U.S. Department of Education, individuals in many parts of the agency took an interest in the study and helped focus its questions and approach to research. The Project Officer, Carol Chelemer of the Planning and Evaluation Service in the Office of Planning, Budget, and Evaluation, shepherded the investigation through its various stages with humor, insight, and unwavering support. We also appreciate the contributions of others in the Department, including: Janice Anderson, Charles Blum, Lois Bowman, Cecil Brown, Lawrence Davenport, Fred Graves, Linda Hall, Gary Hanna, Patricia Jones, Allen King, Stanley Kruger, Patsy Matthews, David Morgan, Kay Rigling, Robert Stonehill, Kenneth Terrell, and Zulla Toney.

In other federal agencies and the U.S. Congress, we found individuals who were insightful about what needed to be studied, how to gather the information, and the ways to present our findings. We wish especially to thank: Mary Kennedy, National Institute of Education; Paul Grishkat, David Bellis, and Frederick Mulhauser, U.S. General Accounting Office; Kathy Burchard, Barry White, Richard O'Brien, and Barbara Young, U.S. Office of Management and Budget; Dan Koretz, Congressional Budget Office; Jack Jennings, Marc Smolonsky, and Richard DiEugenio, congressional staff in the U.S. House of Representatives; Bruce Post and Ann Young, congressional staff in the U.S. Senate.

Colleagues in universities, research firms, and elsewhere contributed wide-ranging technical expertise to the various design and analysis issues confronting the study. In this regard, we are especially grateful to Richard Elmore who reviewed an earlier draft of this report in addition to advising us on our study plans.

Finally, the dedication and professionalism of the entire study team were the key to making this research successful. Marian Stearns, Director of SRI's Social Sciences Department and Project Director during the study's design phase, deserves special mention for her unflagging enthusiasm and good sense about research on federal aid to education. Others on the study team, besides the authors of this or other reports (see inside cover), includes these SRI staff: Linda Burr, Marion Collins, Carolyn Estey, Elaine Guagliardo, Mary Hancock, Deborah Jay, Ruth Krasnow, Klaus Krause, Lynn Newman, Debra Richards, and Kathy Valdes. Other individuals, who worked as field staff, helped us gather useful interview information on numerous field visits: Brian Delaney, Peggy Estrada, Gene Franks, Susan Peters, and Steve Thornton. The authors of this report also want to thank Michael Knapp for his important intellectual and managerial contributions throughout the study.

To all these people, your contributions are much appreciated.

NOTES FOR READING TABLES

Tables in this report are generally broken out by district size category, because the enormously skewed distribution of districts nationwide may distort the reader's understanding of national estimates (the large number of very small districts, for example, means that most overall estimates are largely a reflection of these). The breakout also enables the reader to appreciate the considerable differences in block grant impact and implementation in districts of different sizes.

Size categories also comprise different proportions of the nation's student population. We indicate below the number and percentage of districts falling in each size category, as well as the proportion of the nation's students represented.

Where relevant, the "very large" category has been further subdivided into urban districts and suburban county systems (which may include a moderate-sized city as well) because the characteristics and responses of these two types differ substantially.

District Size Category (Enrollment Range)	Number (and Percentage) of Districts within Range	Proportion of Nation's Students
Very large (25,000 or more)	163 (1.0)	25.8%
Urban	92 (0.6)	15.8
Suburban	71 (0.5)	10.0
Large (10,000 to 24,999)	466 (3.0)	17.3
Medium (2,500 to 9,999)	3,027 (19.5)	35.1
Small (600 to 2,499)	5,369 (34.6)	17.9
Very small (Fewer than 600)	6,508 (41.9)	3.8
Total	15,533 (100%)	100%

Wherever tables are presented without subdivision into these categories, the reader may assume that the differences among categories are statistically insignificant or irrelevant to the analysis in question.

To simplify presentation, tables do not include n's or standard errors. These and accompanying technical notes may be found in Appendix A.

I INTRODUCTION

As part of the Omnibus Budget Reconciliation Act of 1981, Congress passed the Education Consolidation and Improvement Act (ECIA). Chapter 2 of ECIA, which consolidated 32 categorical programs into a single block grant, reflected an effort to decrease federal intervention in domestic social programs.* (Chapter 1 authorizes compensatory education services to children from disadvantaged backgrounds; Chapter 3 contains instructions for the Secretary of Education concerning regulations, which are to be minimal.) Under Chapter 2, every local school district is entitled to a grant that may be used for any of the purposes of the programs folded into Chapter 2 "in accordance with the educational needs and priorities of state and local agencies...to improve elementary and secondary education...in a manner designed to greatly reduce the enormous administrative and paperwork burden imposed on schools" [Sec. 561(a)].

This block grant represented a departure from the premises and administrative requirements of most federal elementary and secondary education programs. Under most other programs, the federal government defines target groups or purposes that the funds must serve. Some programs award funds only to districts that compete successfully for them. (Several of the programs folded into Chapter 2 worked this way.) This block grant, however, specifies neither targets nor competitive procedures.

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*The exact number of programs consolidated into the block grant depends on whether one counts separate authorizations as "programs". See Appendix B for a list of both.

If the federal grants-in-aid system is seen as a continuum extending from maximum federal control, as in the case of categorical grants, to maximum recipient discretion, as with general revenue sharing, block grants are usually placed in the middle of the spectrum (Barfield, 1981). The Advisory Commission on Intergovernmental Relations (1977, p. 6) has identified five characteristics that distinguish block grants from other types of aid:

(1) Federal aid is authorized for a wide range of activities within a broadly defined functional area.

(2) Recipients have substantial discretion in identifying problems and designing programs and allocating resources to deal with them.

(3) Administrative, fiscal reporting, planning, and other federally imposed requirements are kept to the minimum amount necessary to ensure that national goals are being accomplished.

(4) Federal aid is distributed on the basis of a statutory formula, which results in narrowing federal administrators' discretion and providing a sense of fiscal certainty to recipients.

(5) Eligibility provisions are statutorily specified and favor general purpose government units as recipients and elected officials and administrative generalists as decisionmakers.

By the early 1980s, Congress evidently found several of these characteristics desirable for an education program. According to the language of the law, Chapter 2 would authorize a wide range of activities by providing "a single authorization of grants to States for the same purposes set forth in provisions of law specified [in each of the authorizations for programs consolidated in Chapter 2]..." [Sec. 561(a)]. It would give the recipients discretion in identifying and solving their own problems: "the responsibility for the design and implementation of programs assisted under this chapter shall be mainly that of local educational agencies, school superintendents and principals, and classroom teachers and supporting personnel, because they have the most direct contact with students and are most directly responsible to parents" [Sec. 561(b)]. Procedural requirements would be minimized so as "to greatly reduce the enormous administrative and paperwork burden imposed on schools at the expense of

their ability to educate children" [Sec. 561(a)]. Finally, the funds would be distributed by formula, although each state would design its own formula.

In short, Chapter 2 was designed to alleviate congestion in the intergovernmental aid system. It was supposed to do this in two major ways: by reducing the administrative complexity associated with active state and federal roles, and by supplying a vehicle for responding to local needs and preferences.

This report examines the implementation of Chapter 2 from the perspective of intergovernmental relations, emphasizing the admnistrative procedures that had developed by the program's third year and the flexibility experienced at the local level. We have tried to address several issues identified in previous research on this and other block grants; these are described in the next section of this introduction. The remainder of the introduction briefly reviews the federal, state, and local background for the third-year operations of Chapter 2, then summarizes the data collection methods used in this study.

Intergovernmental Issues

The issues addressed in this report are "intergovernmental" in that they have to do with (1) the interactions among levels of government and (2) the influences that federal and state governments may have on local choices. We can illustrate this focus with several examples.

A paradox in the design of Chapter 2 is that while it reflects an effort to shift authority away from the federal government and the states, it leaves in place many of the procedures for accountability developed under other categorical programs. Such procedures include the review of local applications at the state level and state monitoring of local districts. The existence of these procedures, coupled with the strong statements in the law about allowing wide local discretion, has created dilemmas. On the one

hand, an active state role may encumber districts unnecessarily. An ACIR report on block grants warned that states may represent, to localities, "another layer of bureaucracy and red tape between the source of funds and the location of the problem" (1977, p. 39). On the other hand, state officials have worried that without specific procedures for accountability in Chapter 2, districts would eventually be vulnerable to audit exceptions (Moore et al., 1983).

Beyond these considerations of procedural interactions, Chapter 2 poses issues related to influences on local educational choices. One way of viewing these issues is as a matter of educational leadership. Chapter 2 may tie the states' hands inappropriately; as one observer writes, "In our federal system, State Education Agencies (SEAs) play a critical role in improvement and reform. Yet Chapter 2, in many ways, undercuts this role and allows SEAs little leverage with local districts" (Henderson, 1985, p. 67). The opposite view, represented in the ACIR analysis cited above, is that greater state leverage might simply interfere with the local flexibility that is needed for solving local problems.

We should mention here that this study did not address other issues related to the state role and intergovernmental relations under Chapter 2. For example, we did not look at the role of the Chapter 2 State Advisory Councils. The formulas for distributing funds to local districts, which the states determined, are also outside the scope of this report. We have not looked at the uses of the Chapter 2 set-asides for SEAs, which in most states constitute 20% of the program funds going into the state.* Finally, we did not systematically investigate the federal role in administering Chapter 2, although we touch on the effects of federal monitoring visits to states. To address any of these issues, we would have had to look closely

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*Readers interested in state use of set-aside funds under Chapter 2 are referred to Kyle, 1983; Kyle, 1985; U.S. General Accounting Office, 1984; and Henderson, 1985.

at the state level. Instead, this study concentrated on the local implementation of Chapter 2. Therefore, the issues falling within the scope of this report are those that pertain to local officials' interactions with other levels of government.

Research Questions

Our analysis is organized around several questions reflecting these broad issues:

Interactions among levels of government:

(1) What procedures have SEAs developed for administrative interactions with districts under Chapter 2, including applications, monitoring, and auditing?

(2) In what ways, if any, have SEAs sought to influence local program choices?

(3) How have federal interactions with states or districts affected the block grant's administration or operations?

How other levels of government affect local operations:

(4) To what extent do local staff perceive that Chapter 2 funds are flexible?

(5) When constraints on the use of the funds are perceived, what are they, and where do they come from?

(6) In what respects do local staff see a need for federal or state officials to do less (i.e., reduce their involvement) or more (i.e., spell out in more detail what is required locally)?

(7) Have the reform initiatives of federal and state governments influenced local priorities for the use of Chapter 2 funds?

To provide further background for our findings, we outline next the responsibilities of each level of government in the third year of Chapter 2. Some of these were prescribed in the original law; others have evolved over time.

Responsibilities for Administering and Implementing Chapter 2

Federal Level

After the enactment of legislation, an executive branch agency usually issues regulations to accompany the statute. In the case of ECIA, the U.S. Department of Education (ED) was constrained by Chapter 3, which authorizes the issuance of regulations in a few specific areas and then states:

> In all other matters relating to the details of planning, developing, implementing, and evaluating programs and projects by state and local educational agencies the Secretary shall not issue regulations, but may consult with appropriate state, local, and private educational agencies, and, upon request, provide technical assistance, information, and suggested guidelines designed to promote the development and implementation of effective instructional programs.... Regulations issued pursuant to this subtitle shall not have the standing of a federal statute for the purposes of judicial review (Sec. 591, emphasis added).

The regulations issued by ED, acknowledging these constraints, cover only (1) how a state or local educational agency obtains funds under Chapter 2, (2) fiscal requirements that states and school districts must meet, (3) how private school students participate in Chapter 2 programs, and (4) due process procedures (Federal Register, November 1982). The Technical Amendments to Chapter 2, passed in 1983, make no major changes in these federal responsibilities.

In 1983, responding to many state and local requests for further information, ED prepared and distributed nonregulatory guidance (NRG) on Chapter 2. Using an easy-to-follow question-and-answer format, the NRG responds to some of the issues raised concerning Chapter 2. The NRG "is not binding, however, on state and local educational agencies and does not foreclose the development of alternative approaches that are consistent with the statute and regulations but may be more in keeping with local needs and circumstances" (U.S. Department of Education, July 1983).

Apart from issuing these documents, ED has undertaken other activities that could affect the administration and implementation of Chapter 2.

During Fiscal Year (FY) 1984, staff from ED's Division of Educational Support began a two-year monitoring review of state education departments. Because the primary focus has been on state operations, the first effects have emerged at that level. However, the visits also affect local districts in two ways: (1) states give new messages and interpretations to districts after being monitored, and (2) in the second year of the monitoring cycle, ED began visiting a few school districts within each state during the monitoring review.

ED's Office of the Inspector General has started to review the administrative systems for Chapter 2. Again, the effort has been made primarily at the state level with some scattered visits to local programs.

In 1985, for the first time since the program's operations began, ED co-sponsored a meeting for state Chapter 2 coordinators.* The conference provided a forum to share information (e.g., from the state monitoring reports) and to discuss areas of Chapter 2 that have caused questions or difficulties.

State Level

Compared with the programs it replaced, Chapter 2 sets up a very different role for states. Under three of these antecedent programs--Titles IV-B and IV-C of the Elementary and Secondary Education Act (ESEA) and the Career Education Program (Career Education Incentive Act), state departments of education played the major role in program administration. They designed the formulas for awarding funds to districts under Title IV-B, which supported the purchase of library materials and other instructional materials and equipment. They ran competitive grants programs under Title

*A national Steering Committee of State Chapter 2 coordinators was the cosponsor for this meeting. A similar meeting in 1984 was organized by the Steering Committee and the Louisiana Department of Education.

IV-C, choosing whether to award funds to many or few districts and often setting state priorities for the local projects, which addressed the broad purpose of educational improvement. States also awarded competitive grants for the Career Education Program. Under the other antecedent programs, the states played little or no role. These other programs--including the largest, the Emergency School Aid Act for desegregation assistance, as well as a host of small programs--provided grants to districts on the basis of applications to the federal government. States could comment on these applications but had little other involvement with the programs.

Chapter 2, which subsumes the purposes of all these programs, neither puts the states in charge of program operations nor bypasses them. It gives the SEAs several administrative responsibilities. They must develop allocation formulas, in consultation with gubernatorially appointed advisory committees, for distributing at least 80% of Chapter 2 funds to school districts. An SEA must file an application with ED to receive Chapter 2 funds, and the SEA designs the format for the applications from districts concerning their planned use of funds. The SEA is charged with reviewing local applications to ensure compliance with statutory requirements. States are required to keep records that are necessary for fiscal audits and program evaluations. Effective in FY 1984, state education departments are also required by law to evaluate the effectiveness of Chapter 2 programs.

Technical Amendments to ECIA add several previously unmentioned state-level responsibilities. In speaking of state applications to be filed with ED, Section 564(a) requires SEAs to assure that they exercise no influence in the decisionmaking processes of local education agencies (LEAs) "apart from technical assistance and monitoring compliance." While underscoring the congressional interest in keeping the states out of local program decisions, this language was the first official indication that the SEAs should provide technical assistance and monitoring of local operations. The revised Section 566(a) replaces wording about "having an LEA's application on file" with the requirement that the SEA "certify" that the application meets the requirements of the law.

The SEAs' responsibilities and activities under Chapter 2 are not entirely new. Under ESEA Title IV-B, SEAs consulted with advisory committees and developed formulas for funds distribution. Under ESEA Title IV-C, states designed applications and conducted grants competitions. Under other federal education programs not affected by Chapter 2, states have been charged with ensuring local compliance (e.g., P.L. 94-142, the Education for All Handicapped Children Act).

Another factor affecting the way states have carried out their responsibilities under Chapter 2 was the fiscal retrenchment in state agencies that coincided with the program's arrival. Although Chapter 2 did not reduce most SEAs' funding below the level of the antecedent programs, federal funds for SEAs diminished under Chapter 1 of ECIA, and reduced tax revenues in many states caused further cutbacks in SEA staff. The result was that SEAs faced the task of defining their role under Chapter 2 with somewhat limited resources.

Local Responsibilities

The bulk of Chapter 2 operations and decisions are found at the local level. School districts must submit applications to their state department of education to receive Chapter 2 funds. The local applications usually list program objectives and contain signed assurances that Chapter 2 will be used in accordance with applicable legal standards. Districts must also promise (usually via signed assurances) to keep necessary records. Many applications also must provide detailed budget information, and some applications call for descriptions of planned evaluation methods.

Decisions about uses of Chapter 2 funds are virtually the exclusive property of local school districts. They are subject only to (1) the constraints specified in the statute (e.g., that Chapter 2 funds supplement and not supplant state and local money) and (2) any interpretations devised by SEAs (which we found to be minimal, as discussed later in this report).

Local districts are required to consult systematically with parents, teachers, administrators, and other appropriate groups in determining Chapter 2 funds allocation and the design, planning, and implementation of programs supported by Chapter 2 (see Blakely and Stearns, 1986). Districts are also responsible for providing Chapter 2 services to students enrolled in nonprofit, private elementary and secondary schools (see Cooperstein, 1986).

In short, the intent and practice of Chapter 2 make the local school district the locus of control for program decisions and activities. Although the federal and state governments are not negligible actors, Chapter 2 choices and operations are most evident at the local level.

Study Methods

The data we use in this report come from three components of the overall data collection for the National Study of Local Operations:

- A mail questionnaire sent to a nationally representative sample of 1,600 school districts in the middle of the 1984-85 school year, the third year of Chapter 2's local implementation. Districts were selected randomly within a stratification grid defined by three variables: district size, region of the country, and level of antecedent funding per pupil. Questionnaires were filled out by Chapter 2 coordinators (who often held other positions as well, such as federal programs coordinator or superintendent). The overall response rate was 78.2%, and about the same rate was obtained from all strata of the sample.

- Visits to eight SEAs in different regions of the country, selected to vary on several dimensions including size and tradition of centralized or decentralized authority in education. We interviewed the Chapter 2 director, program staff, and policymakers inside and outside the SEA. The visits took place in the spring of 1985.

- Visits to 48 school districts in 20 states. These districts were two samples of 24 districts each. One sample, visited in the fall of 1984, was chosen to reflect the principal variations in district size, region, and antecedent funding represented in the sampling grid for the mail survey. The second sample, visited in the spring of 1985, consisted of districts of varying size and metropolitan

status in each of the eight states whose SEAs were also visited. Data from this latter sample permit us to analyze the local effects and perceptions of state activities that we learned about at the state level. In this report, we use data gathered at the district level (e.g., from the Chapter 2 coordinator, superintendent, and school-board president) in each sample, although some schools were also visited.

Further information on the study's research methods appears in an appendix to the main descriptive report (see Knapp and Blakely, 1986).

Overview of This Report

We have divided our analysis of intergovernmental relations into two parts. The next section of this report discusses the intergovernmental interactions taking place in the implementation of Chapter 2. The administrative procedures developed by states are a primary focus of that section. We then analyze the effects of these procedures at the local level, emphasizing how interactions with other levels of government influence local perceptions of Chapter 2 and local program decisions. Finally, a concluding section summarizes our findings and places them in the context of intergovernmental relations in education.

II INTERACTIONS AMONG LEVELS OF GOVERNMENT

One aim of our study was to describe intergovernmental relations in the concrete sense--the procedures followed when different levels of government interact regarding Chapter 2. Because Chapter 2 is primarily a local level story, our research concentrated on interactions between school districts and other levels of government, especially the state. We discuss in this section the procedures SEAs have set up for working with districts. We also discuss the extent of SEAs' involvement in local Chapter 2 program decisions. In the next section, we will turn to an analysis of the local perceptions of flexibility or constraint under Chapter 2. In this section, however, we analyze the roles that states have carved out for themselves, both procedurally and substantively. We also discuss federal administrative activities as they have affected the background's local operations.

A key issue for states has been to balance the need for accountability for public funds with the strong emphasis on local discretion in Chapter 2. States have worked out their operational solutions to this issue in developing procedures for application review, monitoring, and auditing. We discuss here our survey and field data on local experiences with these procedures.

Another challenge for states has been to provide technical assistance. They must choose an appropriate mix between assistance with program mechanics (such as filling out application forms correctly) and assistance with educational programs. We discuss technical assistance throughout this section. We do not devote a separate subsection to the topic because we found that states provide assistance in the course of carrying out their other responsibilities, such as answering local questions about applications and conducting monitoring visits.

Although one of our aims has been to generalize about the nationwide operations of Chapter 2, our survey and fieldwork data also permit us to point out how the interactions between the local and state levels vary among districts and states. We begin this section with a discussion of those sources of variation.

Local and State Variation in Interactions

In general, the larger the district, the more likely the SEA is to contact it in the course of administering Chapter 2. As seen in Table II-1, this finding applies to all sorts of SEA contacts: explanatory meetings (which are the most common type of contact initiated by SEAs), questions about the local application, monitoring or auditing visits, and technical assistance.

A parallel pattern can be seen in the interactions that districts initiate: the larger districts tend to report that they have asked the SEAs more types of questions (Table II-2). The districts that have initiated the most contact with their SEAs are the very large suburban districts. They have been especially active in asking questions about topics related to the application form, allowable uses of funds, and the evaluation of programs for public school students. The very small districts have contacted their SEAs somewhat less, although they show little difference from other districts in contacts related to forms, allowable uses, or monitoring. They are not hesitant, in other words, about seeking the information that will help them stay in compliance with the law.

We investigated whether districts that had different antecedent programs vary in their patterns of interaction with their SEAs, but we found no very noteworthy differences. The districts that participated only in Title IV-B of ESEA tend to interact somewhat less with their SEAs, but that would be expected from the fact that they tend to be smaller districts. In only one area is there a departure from that pattern: the districts that participated only in Title IV-B are more likely to have asked questions

Table II-1

INTERACTIONS SEAs INITIATE WITH DISTRICTS,
BY SIZE OF DISTRICT

District Size (Enrollment)	Percentage of districts reporting that the SEA... Held meeting(s) to explain the program	Asked questions about the local application	Questioned proposed uses of funds	Conducted a monitoring visit	Conducted an auditing visit	Requested data for evaluation	Provided technical assistance on program mechanics	Provided technical assistance on educational services
Very large (25,000 or more)	83	45	27	58	34	56	64	51
Urban	82	43	26	61	28	56	63	54
Suburban	85	48	30	53	42	56	67	47
Large (10,000 to 24,999)	82	39	14	47	33	62	67	39
Medium (2,500 to 9,999)	76	39	23	43	33	50	59	42
Small (600 to 2,499)	69	31	16	41	33	45	47	28
Very small (under 600)	48	28	20	29	23	23	33	16
All districts	63	32	19	37	29	39	45	27

Table II-2

INTERACTIONS DISTRICTS INITIATE WITH SEAs,
BY SIZE OF DISTRICT

District Size (Enrollment)	Percentage of districts reporting that the district asked the SEA about... Forms	Allowable uses	Educational services (in public schools)	Amount of Chapter 2 allocation	Evaluation	Monitoring	Auditing	Serving private school students*	Citizen participating
Very large (25,000 or more)	75	67	32	43	51	38	25	0	15
Urban	72	57	22	41	46	35	17	59	18
Suburban	80	82	46	47	58	42	36	46	10
Large (10,000 to 24,999)	75	78	26	46	44	32	23	32	19
Medium (2,500 to 9,999)	73	69	21	33	36	23	19	37	11
Small (600 to 2,499)	67	66	16	33	33	18	14	38	6
Very small (under 600)	61	59	12	18	11	24	9	**	3
All districts	66	64	16	28	26	22	14	40	7

*Percentage in this column are based only on districts with private schools.

**Numbers are too small for valid estimate.

about evaluation (27% have done so, compared with 23% of the districts that also participated in other antecedent programs). These districts presumably were less familiar with the types of evaluation designs that other districts experienced under Title IV-C or ESAA.

Perhaps the most striking differences in local-state interactions appear when we look at state-by-state variations.* As Table II-3 shows, states have taken highly individual approaches to administering Chapter 2. Compared with the nationwide averages shown at the bottom of the table, each of the seven states highlighted here shows a distinctive profile, based on the survey responses from districts in that state.

- State A has concentrated its efforts on site visits to districts. Although it has done very little in the way of holding meetings or interacting with districts concerning their applications, its monitoring and auditing visits apparently have led a high percentage of districts to report that it has provided assistance on both program mechanics and educational services.

- State B has been very active in all respects except challenging its districts' uses of funds. Many district Chapter 2 coordinators report that this SEA has provided assistance on educational services; about an average percentage report that it has provided assistance on program mechanics.

- State C has shown a very high level of activity in holding meetings and visiting districts, although it has interacted less with respect to district applications. A large number of districts have received help from this state concerning program mechanics, while a small number have been helped with educational services.

- State D has been active only in reviewing local applications and conducting monitoring and auditing visits. Very few districts report that this SEA has provided assistance with either mechanics or educational services.

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*This analysis excludes Hawaii and the District of Columbia, which are unique in that each is simultaneously one SEA and one LEA, and six other states from which too few responses were received to permit reliable estimates of state-local interactions.

Table II-3

STATE DIFFERENCES IN SEA INTERACTIONS WITH DISTRICTS

	Percentage of districts reporting that the SEA...							
	Held meeting(s) to explain the program	Asked questions about the local application	Questioned proposed uses of funds	Conducted a monitoring visit	Conducted an auditing visit	Requested data for evaluation	Provided technical assistance on program mechanics	Provided technical assistance on educational services
State A	28	0	12	65	60	69	70	69
State B	87	44	9	94	76	72	50	72
State C	91	16	13	91	43	52	77	23
State D	24	61	24	62	53	24	20	9
State E	87	20	11	44	11	45	79	77
State F	75	21	6	48	28	32	29	21
State G	48	8	6	13	12	37	26	14
Nationwide Average	63	32	19	37	29	38	45	27

- States E and F present an interesting contrast, showing that the way an SEA does things may be more important than what it does. Although these states show very similar patterns in their interactions with districts (somewhat higher than average in holding meetings and visiting districts, somewhat below average in asking questions about local applications), many district respondents said that State E has provided technical assistance with both mechanics and educational services, while few district respondents said that State F has provided assistance with either.

- State G has been quite inactive across the board, and few districts report that it has provided assistance with either program mechanics or educational services.

Applications and Paperwork

Most interactions between SEAs and school districts concern the application and reporting forms for Chapter 2. An estimated two-thirds of districts nationwide have asked their SEAs questions about the application or other reporting forms; nearly the same number (64%) have asked questions about allowable uses of funds (see Table II-2). From our fieldwork, we learned that most questions about allowable uses arise as district staff are preparing their applications. A typical example is one small district we visited in which the coordinator asked SEA staff many questions while preparing his first-year Chapter 2 application. Because he learned then that all the uses he had in mind would be allowable, he has not had any questions since then.

Applications are also a major focus of the meetings that most SEAs have held to explain Chapter 2. Nearly two-thirds of districts report that state meetings have been held, and in only four of the states for which we have reliable data did fewer than 30% of districts report such meetings. One northeastern state holds meetings at least twice a year to discuss the program. Typical topics include changes in the application format and procedures for amending previously submitted proposals. A local coordinator in this state described the meetings as helpful but noted that "after you've been in this game a while, you don't need to go to them for help."

The focus on applications and paperwork as the primary areas of state-local interactions is borne out in responses to another item on the mail questionnaire. We asked:

> Thinking about all your interactions with the state department of education, and also any current mandates or priorities of the department or legislature, in what ways has the state influenced your district's use of Chapter 2 funds?

There was little variation by district size in the answers to this question. Chapter 2 coordinators in 45% of districts perceived no state influences. For the districts where some state effects were reported, the mechanics of applying for funds and keeping records far outdistance other areas, as shown in Table II-4. Moreover, we conclude on the basis of our fieldwork that the 18% of districts where the state influenced "the choice of programs or purchases" include many in which the SEA Chapter 2 office

Table II-4

DISTRICTS' REPORTS OF STATE INFLUENCES

Area	Percentage of Districts Nationwide Responding Yes*
State had no influence	45
State influenced:	
Mechanics of applying for funds	38
District record keeping	34
District evaluation activities	21
Choice of programs or purchases	18
Types of students served	4
Arrangements for consultation with the public	4
Types of services for private school students	4

*Responses total more than 100% because multiple responses were allowed.

simply clarified what types of purchases the law allows. (This group of districts also includes some whose priorities have been affected by state legislative mandates--a subject we discuss in Section III of this report.)

Monitoring

Overall, an estimated 37% of districts have been visited by SEA staff monitoring the Chapter 2 program. The percentages range from 58% of the very large districts to 29% of the very small ones. There are substantial differences among states in the level of monitoring activity reported by local respondents. In nine states, between 90% and 100% of districts have been visited; in 13 states, the figure is between 0% and 10%.

We must caution that there is no uniform definition of what constitutes a monitoring visit. Our interviews on site suggest that different sorts of visits by SEA personnel are seen (and reported) as monitoring. In two districts, for example, visits described as monitoring had actually been data collection for the SEA's evaluation of Chapter 2. Some survey respondents undoubtedly classified as "monitoring" both auditors' visits and researchers' visits. Accordingly, we rely here on our field data concerning visits from state Chapter 2 staff (which may have combined a review of local compliance--what we would call monitoring--with technical assistance).

By and large, monitoring of Chapter 2 programs is characterized locally as a fairly smooth, nonthreatening process. In none of the districts we visited had SEA staff taken a heavy-handed approach to policing local practice or imposed unexpected requirements on local staff. Thus, although compliance with the law was a primary focus of all the visits we heard about, district staff viewed the monitoring as a routine, expected part of program administration.

In one state in our sample, SEA staff placed particular emphasis on program improvement and our survey data indicate that this is the pattern in several states. In practice, this emphasis meant that monitors in that state (1) urged district staff to devise specific objectives for their Chapter 2 programs and (2) looked for exemplary projects to write up in an SEA newsletter.

A number of states send districts the form or checklist that monitors will use in their visit, before the visit takes place. Figure II-1 shows a list of the areas used by monitors in one state that is quite representative of the forms we found in other states; this particular list is distributed to districts before the visit. For each area, the monitor is to check "yes" or "no." Room for comments is also provided.

Some typical examples of specific monitoring practices follow:

- Another state uses a yes/no format similar to the one in Figure II-1 and a form for summary comments. In one district that we visited, state monitors had noted the following: "A well run Chapter 2 program. Excellent use of funds; documented; good private school relationships; excellent administration." Several people in this district--both public and private school officials--told us about the SEA monitoring visit, which was described as informal. They told us that the SEA monitors asked "many of the same questions you are asking." No changes were suggested or resulted from the monitoring visit.

- Another district's monitoring (in a different state) was a one-day visit from one SEA staff member. He looked at the accounting system, talked about Chapter 2-supported programs with local officials, and visited several public and private schools (chosen on the day of his visit) to spot check equipment serial numbers and uses. He recommended that district staff write more specific and measurable objectives on their application, develop a better inventory system, and mark all hardware. District administrators plan to follow these suggestions. The local coordinator described the visit as "low key, not harassing. They did their job to check about following guidelines, but were not checking up" [in a threatening way.]

In some cases, although not most, the anticipation of monitoring has produced some nervousness among district staff, whether or not a visit from state officials is imminent; for example:

Figure II-1

SAMPLE OF STATE MONITORING CHECKLIST

I. Expenditures

A. Is there evidence that funds are allocated according to needs?
B. Are funds used for activities consistent with Chapter 2 purposes and as set forth in application?

II. Private School Student Participation

A. Did district provide for systematic consultation with parents, teachers, administrative personnel?
B. Did district consult with private school officials regarding development and implementation of Chapter 2 programs before making decisions?
C. Are services equitable?
D. Are services consistent with needs?
E. Are all eligible students given the opportunity to participate?
F. Are services provided by persons independent of private schools?
G. Are services secular, neutral, nonideological?
H. Are funds used to meet needs of students, not schools?

III. Supplement/Supplant

A. Is there evidence the program is supplementary to the regular program?
B. Is there evidence expenditures are supplemental?

IV. Equipment/Inventory

A. Are purchases consistent with authorized activities and application?
B. Are all equipment and supplies under the district's administration, direction, supervision, and control?
C. Are purchases used only for stated Chapter 2 purposes?
D. Do equipment records provide for description, serial numbers, acquisition data, cost, location, and condition; are all Chapter 2-purchased equipment and materials identified as such; do records include equipment used in private schools?

V. Subchapter A Programs

(If applicable) Does program include diagnostic assessment, goals and objectives, preservice and inservice training, activities for parents, and testing and evaluation of program effectiveness?

VI. Other

A. Does the application adequately describe the program?
B. Were services, materials, and equipment received in a timely manner?
C. Have budgeted positions been filled in a timely manner?
D. Does the district have a surplus of Chapter 2 funds?
E. Have required audits been performed?

- In a very small, mainly rural district, the state monitored the Title IV-B program several years ago. At that time, the IV-B coordinator, who is now in charge of Chapter 2, was unable to find for the monitors many items purchased with IV-B funds. Concluding from the earlier visit that the SEA is "real strict on inventory," the coordinator (also a full-time teacher) devotes much of her Chapter 2 time to keeping inventory and visually checking purchased items every 2 years.

Audits

Concerns about possible audit exceptions were widespread in the early days of Chapter 2. The minimal legal guidance and the breadth of possible program choices caused analysts and practitioners to predict that "audit anxiety" would be a key factor in the implementation of Chapter 2. The report from a nine-state study of Chapter 2 implementation noted:

> In all of the states being studied, officials at both state and local levels have expressed concern about the lack of more specific regulation and a fear that a future audit will result in problems for the districts. Those with previous experience in receiving federal funds are more skeptical than those who have not had them before. While they generally applaud the reduced and simplified paperwork, they simply find it difficult to accept that this was really intended and will continue. (Kyle, 1983, pp. 38-39)

A similar study at the state level reached the following conclusion:

> Unpredictability is one of the most significant obstacles to effective program implementation, and the prospect of unanticipated audit exceptions seemed to trouble state-level program planners as much as the possibility of further reductions in federal funds. (Darling-Hammond and Marks, 1983, p. 85)

That audit anxiety was virtually absent at the local level in the third year of program operations was one of the most unexpected findings in our research. Our mail questionnaire asked, "Aside from the level of funding received, what (if anything) limits how your district uses its Chapter 2 funds?" In only 9% of districts did respondents choose the answer, "Uncertainty about what auditors will require." Very large suburban districts were the only ones reporting somewhat widespread limitations due to uncertainty about audits; 30% of them did so, compared with 16% or fewer

districts in all other categories.* The mail survey also asked respondents to indicate what would improve Chapter 2. Thirteen percent noted "clarification of auditing procedures" as an activity that would improve the program. The only less popular improvements in intergovernmental interactions would be more guidance from federal and state officials.

At about the same time that Chapter 2 was being implemented, the U.S. Office of Management and Budget began requiring recipients of federal funds to shift to a "single audit concept," often referred to as the "A-102 audit" or "Attachment P" (these terms refer to OMB Circular A-102, Attachement P, which outlines this approach to federal program audits). In practice, this means that all federal program funds need not be audited separately; instead, federal funds are treated as a single entity for a given recipient, and specific programs are randomly selected for detailed review.

The single-audit concept was being phased in throughout the country during our data collection, and if anything was causing audit unrest in school districts, it was this new procedure--not Chapter 2. Furthermore, because of the random selection process for programs to be audited, many of the districts we visited said that Chapter 2 had yet to be chosen. Only 14% of the districts in our mail survey had had their Chapter 2 program audited in response to a federal or state request (other than the routine fiscal audit usually required of local school districts).

Our field research also shed light on the audit issue (or the lack thereof). The following examples are typical:

- A large midwestern district has not yet had a special audit of Chapter 2, but this fact is causing no unease. The coordinator said, "We do everything as if we'll be audited tomorrow. We try to follow the rules...we don't try to find the way around them."

*Another report of this study (Apling and Padilla, 1986) discusses the effects of this uncertainty on local spending patterns. Very large districts experiencing uncertainty, for example, have been more likely to buy computers or other materials and equipment.

- Many districts we visited pride themselves on their fiscal accountability and consider audits a routine procedure. The assistant superintendent of a small midwestern district said, "Every year state and private auditors come in--all the time--so we don't pay much attention."

- One medium-sized district had yet to be audited by the state for Chapter 2 (but the entire budget had been audited by a local firm). The coordinator was looking forward to a Chapter 2 audit because he wanted the peace of mind that an auditor's clean bill of health would provide. In the late 1970s, he had requested a state audit of some 40 federal programs he was supervising because "I was running all these programs and no one was coming in to take a look. I began to get a little nervous, so I asked to be audited." Although he believed his Chapter 2 program was being run properly, he was interested in receiving assurances from the state.

- A similar concern was voiced in a small southern district where the absence of an audit makes district staff a little uneasy. The coordinator said, "My recent concern has been that we've not been audited yet. It's just good management."

- Our fieldwork showed that it is not impossible for auditors to supply some welcome technical assistance. One southern district was a "guinea pig" for its state's implementation of the single-audit process. Auditors were on site for a long time; one was there for six months. During that time, the auditors helped the district install a new inventory control system. Only minor problems were found, such as inadequate documentation of parents' attendance at an annual meeting.

We offer several possible explanations for the virtual absence of audit anxiety. One is that districts apparently sense that their SEAs provide a degree of protection. Time and again in our field research we were told by local coordinators that they ask the SEA whether what they want to do is allowable. We suspect that SEA sanction of local actions gives district staff a sense of security. Confidence about audits may also be due to the experience of local coordinators. Many coordinators are old hands at federal programs; they treat Chapter 2 in the same way that they treat all federal programs. Moreover, after three years of experience with Chapter 2, few audit exceptions have been lodged, and none of them have received attention from the press or practitioners, as was the case for other federal programs (especially ESEA Title I) involving larger sums of money than Chapter 2. We should note, too, that ED's Office of the Inspector General

has been reviewing primarily states, not local districts. In fact, the major audit story we heard involved an SEA that is now having to restore misspent funds.

SEAs' Lack of Intervention in Local Program Choices

States seem to be making a conscious effort not to influence local program choices under Chapter 2. An SEA coordinator in a southern state said, "The SEA is not supposed to tell districts how to spend their money." Other state coordinators echoed this sentiment, although some were frustrated by the prohibition on promoting state priorities through Chapter 2. The message is getting through to local officials. When asked to characterize the state's interaction with the district, only 10% of respondents to the mail survey said that the SEA had taken a directive approach.*

Although we found very little reported state influence on local program choices (as discussed in the next section), we did find some creative forms of encouragement for particular choices.

- One state that is promoting instruction for gifted and talented students has a state-funded program for these students. Its coordinator, who visits districts regularly to provide technical assistance, is paid partly from the state's Chapter 2 set-aside. She makes sure that local staff know that Chapter 2 can fund gifted and talented programs. In 1983-84, nearly one-third of the state's districts used Chapter 2 funds for gifted and talented programs.

*Respondents also did not sense that the state had taken a "hands off" approach: only 11% chose that response. The vast majority of districts perceive, as we did in our fieldwork, that states do not take a hands-off approach when they prescribe administrative procedures for Chapter 2, including application formats, accounting systems, submission of reports, and the like. District staff distinguish these procedural activities from a directive stance that would affect local programs--a stance that seems very uncommon in SEA Chapter 2 offices.

- One state legislature has adopted a reform agenda that will take effect in five years, including a requirement for a minimum amount of computer instruction. The SEA is working to make all districts aware of the future requirements, letting them know that computers are an allowable purchase under Chapter 2 and cautioning that once the reforms take effect Chapter 2 computer purchases may constitute supplanting. SEA staff expect to see continued computer purchases over the next few years.

Whether these are isolated incidents or whether they indicate a trend toward greater state influence remains to be seen. Some possible changes may be due to federal influences, as discussed below.

Federal Interactions with States and Districts

Federal practices can affect local operations in two ways: (1) directly and (2) through interactions with SEAs that subsequently affect school districts. We found little evidence of the first sort of effect. In fact, when there had been local-federal contact, the usual situation was that a local school board member communicated with a member of Congress expressing satisfaction with the block grant and requesting increased appropriations. Again, these contacts were rare.

ED's influence on the state administration of Chapter 2 comes from several sources: regulations, nonregulatory guidance, national meetings, and (recently) monitoring visits to states. Our interviews in SEAs suggest that the major effect of these interactions is simply to clarify legal requirements and provide recommendations for ways of meeting them. Often, the SEAs pass on the new information to districts, thus serving as intermediaries between the federal and local levels.

Because several states in our special-purpose sample had been monitored at the time of our site visits, we can provide examples of federal-state interactions and their effects. In one state, ED found problems with the state's auditing procedure. An August 1984 monitoring report said:

> As we understand it, the State Auditor is responsible for auditing LEAs in [the state]. To date, the Chapter 2 audit requirements have been fulfilled in only one LEA. Chapter 2 was included in the single audit

> of [one district], conducted in accordance with the requirements of OMB Circular A-102, Attachment P. No schedule has been established for the remainder of the LEAs... It is therefore recommended that the SEA meet with the State Auditor to advise him of these requirements and provide him with a list of the LEAs which have received an average of more than $5,000 in Chapter 2 funds so that he can schedule them for audit.

The SEA responded that it had entered into an agreement with one of ED's regional offices of the Inspector General and the state auditor relative to audits of public schools in accordance with Attachment P. "All three agencies are involved in the planning to fulfill all legal requirements."

After ED's visit, the same state had to change the guidelines that had been developed for school districts. The state guidelines, issued before the publication of Chapter 2 final regulations, specified that districts should retain for the public school component any funds that would have served nonparticipating private school students. The federal regulations state instead that these funds should be divided proportionately on the basis of public and participating private enrollments. ED monitors brought this provision to the attention of the SEA, which is changing its guidance.

In another state, ED monitors discussed the absence of state monitoring of local districts. At the time of ED's visit (Spring 1984), the SEA had monitored only about 3% of its districts. This is a very rural state with significant transportation difficulties and costs. ED staff appeared sympathetic to these problems and offered suggestions on ways the SEA could monitor (e.g., regional meetings with Chapter 2 coordinators from several districts).

Other federal-state interactions are more informal and often provide reassurances that states are following proper procedures. One long-tenured state coordinator said:

> I'm on the phone to [someone in ED's program office] once every two weeks on average. Because we go back so damn far, I don't hesitate to pick up the phone....He helps a lot.

ED staff have not, however, fully answered some questions raised by states and localities. Services to private school students pose some problems that have not been resolved. For example, ED has yet to determine whether eligible private schools are subject to prohibitions against handicap, gender, and age discrimination (Hertling, 1984). Another troublesome area concerns the supplement-not-supplant requirement. We heard some nervous discussion in the field that using Chapter 2 funds to purchase computers when computer instruction is mandated could be supplanting. Most respondents have adopted a "wait and see" attitude, hoping that ED will eventually comment.

Although the predominant effect of ED practices has been to clarify procedural aspects of Chapter 2, we heard the suggestion that there may be a trend toward more emphasis on legal compliance through such procedures as application review and state monitoring of districts. In a state that has been monitored by the federal government, the SEA Chapter 2 coordinator described an evolutionary process that may affect state influence on local programs:

> Under Chapter 2 we changed [our approach to administering funds] and now we're doing an about-face again. Under the antecedents we were regulatory. Under Chapter 2, we took the philosophy: we will assist, be helpful. Now we're monitoring, getting more regulatory.... Initially, we didn't evaluate or review applications; we just checked that the dollars added up. We didn't have approval authority, so why bother? Now the law [the Technical Amendments] says "certify" [local applications], so we need more information. It's typical fed! The longer it exists, the tighter it gets!

As a result of monitoring in this state, the SEA is finding that districts "need a great deal more technical assistance" (which the SEA will provide).

Another coordinator, echoing the observation that ED has increasingly encouraged a state orientation to compliance, said that questions about state monitoring practices have been a key topic of the visits from the Inspector General's staff and the ED program monitors. He told us:

> In the first year, we actually believed the law. I read the background. It was the intent of Congress to make paperwork an

absolute minimum....OIG was in here a year ago, and they came in with a book filled with questions. Their whole emphasis was the exact opposite, [even though] nothing in the statute or regulations says you should have a heavy monitoring emphasis.

Summary

Although a major goal of Chapter 2 was to reduce administrative clutter in the intergovernmental system, the program has not eliminated intergovernmental interactions. District coordinators are frequently in touch with their SEAs, most often to obtain routine information or check on the allowability of some planned use of funds. Assistance tends to revolve around forms--the application or an evaluation report. Both monitoring and auditing have taken place, but only in a minority of districts nationwide. The tone of these visits has been low key, and in some cases the visitors have assisted with some aspects of the local program.

These generalizations, which appear to hold true across all states, should not obscure the differences among states. Survey data from districts indicate that SEAs vary greatly in their level of activity in all areas--holding meetings, clarifying local applications, and visiting districts. Moreover, there is variation in the extent to which SEAs have assisted districts in the two distinct realms of program mechanics and educational services.

Interactions between the federal level and other levels of government have not been extensive under Chapter 2, but they are increasing. ED has begun to conduct visits to states, which are directly influencing state practices and will presumably have indirect local effects. For the most part, the visits and other interactions have simply resulted in a clearer understanding of the law's requirements. Although some state coordinators say they observe a trend toward greater state control over local block grant implementation (with federal encouragement), the indications of such a trend remain slight at this point.

In general, SEAs are following the requirement that they refrain from influencing local programs. Although SEA staff communicate state priorities to local districts, they recognize an obligation to let local choices guide the use of Chapter 2 funds. We will say more about the resulting perception of local flexibility in the next section, where we turn to an analysis of the local effects of intergovernmental interactions.

III HOW OTHER LEVELS OF GOVERNMENT AFFECT LOCAL OPERATIONS

Our study investigated the local perceptions and choices resulting from the actions of state and federal governments in implementing Chapter 2. Several questions guided our analysis:

- To what extent do local staff perceive that Chapter 2 funds are flexible--that is, available for a wide range of uses with few limitations?
- When constraints are perceived on the use of the funds, what are they, and where do they come from?
- In what respects do local staff see a need for federal or state officials to do less (i.e., reduce their involvement in the program) or more (i.e., spell out in more detail what is required locally)?
- Have the reform initiatives of federal and state governments influenced local priorities for the use of Chapter 2 funds?

In general, our focus is on the local perceptions and effects of the actions that state and federal governments have taken. We look at local viewpoints on both the administrative procedures and the educational priorities emerging from other levels of government.

Perceptions of Chapter 2 as Flexible Funding

From most local points of view, one of the big stories about Chapter 2 is its flexibility. The message that the funds are available for a wide variety of local uses has been clearly transmitted through the intergovernmental system. Another report of this study, on the achievement of the block grant's legislative goals (Knapp, 1986), provides more detail on the local perceptions of wide discretion and limited administrative burden under Chapter 2, but we can summarize the findings briefly here.

Coordinators generally perceive Chapter 2 to be at least as flexible as the programs that preceded it, except in most of the districts that lost large amounts of funds. Most of this flexibility is experienced by coordinators and other district decisionmakers rather than school staff (Knapp, 1986). Chapter 2 also has resulted in a perception of low administrative burden, although in some cases serving private school students is thought to impose some burden.

We can analyze in more detail the perceived flexibility of Chapter 2 as compared with different antecedent funding sources. Table III-1 shows that most respondents consider the flexibility of Chapter 2 about the same as that of ESEA Title IV-B, although a large number think it is greater. However, coordinators in most of the districts that had ESEA Title IV-C or ESAA funds consider Chapter 2 more flexible than those programs. Only a few differences emerge when we break down these findings by district size. Respondents in very large urban districts are those most likely to call Chapter 2 more flexible than any antecedent program: 72% called it more flexible than Title IV-B, 70% called it more flexible than IV-C, and 83% called it more flexible than ESAA. Those in very small districts were most apt to call it the same as Title IV-B; 61% of them did so. In general, both Title IV-C and ESAA are thought to have been replaced by a program that resembles Title IV-B but may be somewhat more flexible.

But if Chapter 2 is not exactly like any of the antecedent categorical programs, neither is it like local funds. We also asked respondents to compare the flexibility of Chapter 2 with that of local funds, and the results appear in Table III-2. Later in this section, we discuss limitations on flexibility, but we note here that 32% of coordinators consider their Chapter 2 funds more flexible than local funds. Their responses, which show no major differences by district size, suggest that a grant that travels through the intergovernmental system may be of special benefit in a school district. Specifically, Chapter 2 coordinators and superintendents in some sites we visited told us that they can use federal grant funds to take risks that they cannot take with local funds. An

Table III-1

COMPARISON OF CHAPTER 2 FLEXIBILITY
WITH THAT OF SELECTED ANTECEDENT PROGRAMS
(Percentage of Those Districts Formerly Receiving
Funds Under the Antecendent Program)*

	Compared with...		
Chapter 2 Is...	Title IV-B	Title IV-C	ESAA
More flexible	46	68	65
About the same	53	27	27
Less flexible	1	5	8

*Percentages in each column are based on districts which had the program in 1981-82 school year and in which the survey respondent had responsibility for this program prior to Chapter 2.

Table III-2

COMPARISON OF CHAPTER 2 FLEXIBILITY
WITH THAT OF LOCAL FUNDS
(Percentage of All Districts)

Chapter 2 Is...	
More flexible	32
About the same	40
Less flexible	28

example they gave was that the introduction of computers proceeded faster with Chapter 2 than it would have with local tax revenues.

Chapter 2 coordinators in both small and large districts may find that block grant funds can be more flexible than local funds, but their reasons may differ because they are dealing with different decisionmakers for local funds. In small districts, where the school board often closely scrutinizes the local budget, we sometimes heard that the school board is more willing to approve nontraditional uses of outside funds that are "not directly out of their pockets." For example:

- A superintendent explained that when his staff advocated a preschool program and the board was skeptical, he used the fact that Chapter 2 money was available to "grease the skids" for board approval of the program.

Administrators in large districts may be more likely to find the money flexible for a different reason: they can let other central-office staff assume that the law requires the funds to be used in particular ways. For example:

- An assistant superintendent said that he can control the program "as long as it is viewed as categorical" because then fewer demands are made on the funds.

Perceived Restrictions on the Use of Chapter 2 Funds

Although local administrators perceive a great deal of flexibility in Chapter 2, most of them perceive some limitations on what they can do with the money. Recall from Table III-2 that 28% of respondents consider the block grant less flexible than local funds. Table III-3 shows that state and federal guidelines are the most commonly perceived constraints on local uses of Chapter 2, with "uncertainty about funding" also limiting some districts' choices. Uncertainty about audits, as discussed in the previous section, is a lesser issue.

Table III-3

INTERGOVERNMENTAL FACTORS LIMITING HOW CHAPTER 2 FUNDS ARE USED

District Size (Enrollment)	Percentage of Districts in Each Size Category Reporting Limitations Due To...				
	Nothing	State regs/ guidelines	Federal guidelines	Uncertainty about funding	Uncertainty about audits
Very large (25,000 or more)	26	31	38	37	23
Urban	29	26	42	39	16
Suburban	27	34	28	35	30
Large (10,000 to 24,999)	26	38	38	23	10
Medium (2,500 to 9,999)	33	32	33	24	13
Small (600 to 2,499)	44	24	26	23	8
Very small (under 600)	34	35	19	16	8
All Districts	37	30	25	21	9

Our field data suggest that the perceived constraints are not severe. Virtually no local respondents could think of activities that they would like to support with their Chapter 2 grant but that they are not allowed to fund. Therefore, we wondered why only 37% of coordinators said on the mail survey that "nothing" limits their uses of the funds. We believe the answer is that they understand the program has regulations and guidelines, but these are not of the type that foreclose choices attractive to them. Several examples of such regulatory constraints emerged in our interviews:

- Coordinators in many districts emphasized to us that they make sure that Chapter 2 buys items related to instruction rather than such items as typewriters for central offices or new roofing for buildings.

- In some districts there would be pressure to use Chapter 2 for tax relief if it were unconstrained by the supplement-not-supplant requirement. Administrators in two small districts told us that they had fended off board pressures to use the funds in this way--that is, to reduce local taxes with the arrival of the Chapter 2 grant. (Of course, because of the breadth of activities allowed under Chapter 2, there would be no effective way to detect whether other districts used Chapter 2 for more subtle forms of supplanting.)

- Outside constraints in the form of court orders for desegregation also limit what several districts do with their Chapter 2 funds.

Our survey and fieldwork suggest that the history of antecedent programs has left its mark on district choices for the use of Chapter 2. A majority in all district size categories have chosen to continue the antecedent programs that it replaced, as shown in Table III-4. Continuation of support for libraries and media centers and for desegregation-related programs is especially widespread (among districts that had these kinds of programs before).* The proportions of districts choosing to initiate new activities, shown in Table III-5, indicate that venturing into new areas of activity is also common; this finding is attributable partly to investment

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* See Apling and Padilla (1986) for a more detailed discussion of the effect of antecedent programs on district decisions about the use of funds.

Table III-4

CONTINUATION OF SUPPORT UNDER THE BLOCK GRANT
FOR ACTIVITIES FUNDED BY ANTECEDENT PROGRAMS

Activity category	(a) Estimated number of districts nationwide using antecedent funds in 1981-82 to support activity	(b) Percentage of districts in (a) using 1984-85 block grant funds to support the same activity
Computer applications	2,411	84
Support for* libraries, media centers, etc.	10,904	70
Curriculum or new-program development	2,093	57
Student support services	1,721	49
Instructional services	1,052	57
Staff development	1,494	62
Desegregation-related activities**	908	66

*Includes materials and equipment other than computer hardware or software.

**This category cuts across most of the preceding ones, because ESAA funding could have been used in various activity areas. See discussion in the main descriptive report from the study (Knapp and Blakely, 1986).

Table III-5

USING BLOCK GRANT FUNDS TO CHANGE ACTIVITY AREAS

District size category (Enrollment)	Percentage of districts in each size category that used block grant funds in the 1984-85 school year to support... ...A new activity area (not supported by 1981-82 antecedent funds)	...A new activity area other than computer applications*
Very large (25,000 or more)	77	61
Urban	83	64
Suburban	61	56
Large (10,000 to 24,999)	86	70
Medium (2,500 to 9,999)	79	49
Small (600 to 2,499)	81	38
Very small (under 600)	66	35
All districts	75	41

*Because computer applications were so pervasive under Chapter 2 and represented such a large increase over antecedent program activity, this type of new venture was excluded from the second column to provide a picture of the incidence of other new activities under the block grant.

in computer applications, especially in smaller districts. Overall, districts have tended to maintain their support for program areas supported by antecedent programs and at the same time to try something new.

Our field data suggest that although a block grant nominally shifts decisionmaking authority to the local level, local officials sometimes decide that exercising that authority has organizational or political costs that they prefer not to incur. Some reasons for the persistence of familiar spending patterns include the presence of court orders in some desegregating districts, and, more commonly, the fact that the administrators responsible for the antecedent programs retain "ownership" of the funds, both because of their own efforts and because superintendents chose not to control decisionmaking. In one suburban district we were told:

> The librarians are very possessive about their Chapter 2 money in this district. They would be extremely agitated if the district would choose to put its funds into other areas.

One factor causing perceived constraints on local uses of the funds is traceable to the Chapter 2 law, which requires states to track the uses of funds according to the antecedent program categories. SEAs give their districts lists of allowable uses--generally the list of antecedent program titles, but sometimes emphasizing another set of program purposes developed for the form that districts use to apply for Chapter 2 funds.

- When asked if there was anything he could not do with Chapter 2, the coordinator in a small district said, "We never thought of it in those terms. We just take a category and buy allowable purchases."

Our sense is that this approach is quite common, and it may help account for the continuation of activities that the antecedent programs had funded in many districts. A story from another state illustrates the importance that local decisionmakers attach to state listings of program purposes.

- The state included in its application package a list of program areas or goals that Chapter 2 could serve. In the program's first year, one district used the funds for minigrants for teachers with

> innovative ideas. However, the coordinator could not readily fit this program into one of the state's program areas except by limiting it to projects for gifted and talented students. In the second year, viewing the minigrants as a success, the district put local funds into the program so that it could expand to serve all students. The coordinator still believes that such a program cannot fit within Chapter 2 in its present form.

Ironically, not all state coordinators like the idea of listing the antecedent program purposes for their districts. One complained:

> The feds wanted to know whether we kept records by antecedent program. We're talking ghosts here! Departed ancestors! They're asking, "Do you keep watch over the burial ground?"

We then asked that coordinator whether the state's application form asks districts which antecedent purposes they are following, and he replied, "Sure. We're not fools."

We found instances of misunderstanding of program requirements by district staff . The supplement-not-supplant requirement has been a major reason for one district's decision to put the money into a different program area every year; for some reason, this strikes them as a good way to meet the requirement. On the other hand, we found a few clear examples of supplanting, such as the district that simply shifted its testing program, intact, from local funds to Chapter 2 funds.

Local Views on the Intergovernmental Administration of Chapter 2

By and large, local administrators receive and appreciate the message that Chapter 2 is available to serve a wide variety of purposes with fairly minimal administrative paraphernalia. Most local views on the program's administration are typified by the coordinator who, when asked whether he would like the SEA to do anything differently, said, "They should just keep saying yes."

However, most coordinators can think of some possible improvement in the intergovernmental operations of Chapter 2. When our survey asked

whether anything would improve the program, fewer than half of the coordinators (41%) said "nothing." The survey results, summarized in Table III-6, show that different respondents would recommend different changes at the federal and state levels; some want less guidance, others (although fewer) want more.

As we discussed above, very few of the coordinators we interviewed could identify activities that they were unable to fund with Chapter 2. Therefore, the respondents who say they want less guidance do not seem to want a wider array of programmatic choices.

Although we are not entirely sure why so many coordinators say they want less outside guidance, we can say that, to a disproportionate extent, the coordinators who want to see federal or state guidance reduced are those who have not had prior experience with the intergovernmental aid system. Table III-7 shows that the responses of coordinators who were not previously in charge of any federal or state programs differ from the responses of the more experienced coordinators. The difference is especially marked in very small districts, as shown in Table III-8. Taken together, these tables suggest that the experienced coordinators tend to appreciate the reduction of federal and state involvement that they have found in Chapter 2, while local officials who are newcomers to the grants-in-aid system tend to think that even this level of involvement limits their flexibility and to want less guidance from other levels of government.

The coordinators who take the opposite view and want more outside guidance tend to be in the largest districts. Although most coordinators appear to know what the law asks of them, those we interviewed in a few districts, including very large districts, expressed frustration with their uncertainty over requirements.

- A large district's coordinator in one state said that "you can't get a straight answer" from the SEA concerning allowable uses. The president of the school board in the same district speculated that the SEA is deliberately keeping a low profile so that districts will "take the heat" for eventual violations.

Table III-6

INTERGOVERNMENTAL CHANGES RECOMMENDED FOR CHAPTER 2

District Size (Enrollment)	Percentage of districts in each size category indicating that the following would improve Chapter 2: Nothing	Less federal guidance/ regulation	Less state interference	More federal guidance	More state guidance	Change state formula	Change use of state set-aside	Clarify audit procedures
Very large (25,000 or more)	20%	16%	5%	10%	9%	25%	22%	25%
Urban	15	23	12	8	4	29	26	17
Suburban	27	8	6	3	18	19	16	34
Large (10,000 to 24,999)	34	28	4	2	3	12	15	29
Medium (2,500 to 9,999)	40	25	5	2	3	14	11	14
Small (600 to 2,499)	50	26	8	1	3	16	5	9
Very small (under 600)	35	32	17	0	5	19	12	13
All districts	41	28	11	1	4	17	9	13

Table III-7

RELATIONSHIP BETWEEN CHAPTER 2 COORDINATOR'S EXPERIENCE AND RECOMMENDED INTERGOVERNMENTAL CHANGES

	Percentage of all districts in which Chapter 2 coordinator has...	
Coordinator's Preference	No prior experience coordinating federal/ state programs	Prior experience coordinating federal/ state programs
Less federal guidance	37%	23%
Less state guidance	19	6
More federal guidance	0	1
More state guidance	3	3

Table III-8

RELATIONSHIP BETWEEN CHAPTER 2 COORDINATOR'S EXPERIENCE AND RECOMMENDED INTERGOVERNMENTAL CHANGES-- VERY SMALL DISTRICTS ONLY

	Percentage of very small districts nationwide in which Chapter 2 coordinator has...	
Coordinator's Preference	No prior experience coordinating federal/ state programs	Prior experience coordinating federal/ state programs
Less federal guidance	43%	19%
Less state guidance	29	6
More federal guidance	0	0
More state guidance	1	9

- In another state, a coordinator in a very large district had experienced several months of delay before learning from the SEA that a particular type of purchase was not allowable. The main reason for the delay seems to have been that SEA officials were struggling with the question of whether to go along with the pressure from other administrators in the district, who were lobbying for approval of the purchase. The coordinator now says that instead of letting the state handle these issues the federal government should step in and "should more clearly define what is a no-no. Let's put it in stone."

In the absence of extensive regulations for Chapter 2, some coordinators turn to the antecedent programs for answers to their questions. One said, "We don't get guidelines, so I go back to IV-B [regulations] to make sure I'm not doing something wrong," adding, "Chapter 2 needs guidelines and flexibility within the guidelines." Another coordinator follows the old regulations in the belief that "the day of reckoning will come" under Chapter 2, when monitors will demand adherence to hitherto unspecified procedures.

On the whole, though, we found little nervousness about a future "day of reckoning." A major reason seems to be that a history of administering categorical programs has given local staff a repertoire of procedures that they believe keep them in compliance. Like the coordinator in a small district who proudly describes himself as "an old soldier with the old Title I," they have simply put in place standard operating procedures for accounting, public consultation, private school students' involvement, and inventory control.

Chapter 2 and National or State Reforms

In the past few years, coincident with the implementation of Chapter 2, reformers at the national and state levels have made many recommendations for educational improvement. The National Commission on Excellence in Education issued its report, A Nation at Risk, in the spring of the program's first year of operation. State legislatures have been enacting reform initiatives since before Chapter 2 began, and the appearance of A Nation at Risk and other national reports added momentum to this trend.

Because the movement to endorse educational improvement coincided with the availability of a relatively new block grant, we investigated whether and how school districts have used Chapter 2 to fund activities inspired by these outside initiatives for reform.

A small proportion of Chapter 2 coordinators (9%) reported that the recommendations in national or state reform reports had been among the main influences on their programs. As Table III-9 shows, such recommendations reportedly influenced somewhat more of the large districts and somewhat fewer of the very small districts. The picture is similar with respect to state mandates or priorities, which also were reported to have been a main influence in 9% of districts and were more influential in larger districts than in smaller ones.

Overall, although some districts' use of Chapter 2 funds has been driven by outside reform agendas, Chapter 2 has not been used primarily as a vehicle for the pursuit of the reforms that national reports and state governments have advocated. Outside recommendations and priorities have exerted a greater influence on Chapter 2 in larger districts, possibly because the larger grants in those districts can support more expensive reform-oriented projects while the small grants in small districts tend to purchase less expensive supplemental resources (which can provide leverage for change but are less likely to do so). This pattern means that many students are potentially affected by the reforms, reflecting the fact that so many of the nation's students attend school in large districts.

Whether or not they attribute their priorities to any outside influences, many districts are pursuing reforms that match the national and state recommendations. Often, local administrators told us that they had embarked on these reforms before reformers at the national or state level advocated them.

Table III-9

DISTRICTS REPORTING THAT NATIONAL REFORMS OR STATE PRIORITIES INFLUENCED CHAPTER 2 DECISIONS

District Size (Enrollment)	Percentage of districts in each size category reporting that a main influence on decisions was... Reform Report Recommendations	State Mandates or Priorities
Very large (25,000 or more)	10	14
Urban	8	15
Suburban	13	14
Large (10,000 to 24,999)	16	15
Medium (2,500 to 9,999)	11	13
Small (600 to 2,499)	9	8
Very small (under 600)	6	9
All districts	9%	9%

The data show that lumping the diverse recommendations together makes little analytic sense because they vary so widely in the extent to which districts are following them. Table III-10 displays the percentages of districts (broken down by size) in which Chapter 2 coordinators identified particular goals as major priorities for their districts. It shows that instruction in computer literacy, math, or science leads all other goals on our list as a district priority (possibly reflecting some bias on the part of Chapter 2 coordinators, many of whom administer programs in computer instruction). Improving student test scores is another widely held goal, followed by increasing time on task, implementing programs based on effective schools research, and increasing graduation requirements. Smaller proportions of districts place priority on decreasing the dropout rate, lengthening the school day or year, forming partnerships with local business, or establishing career ladders or merit pay for teachers.

Figure III-1 shows how many of the districts reporting each of the above priorities are using Chapter 2 to address that priority. Again, instruction in computer literacy, math, or science is by far the area in which Chapter 2 programs line up most closely with both district priorities and reform recommendations. The figure shows that few districts have used Chapter 2 to address some of the other goals that have received attention at the national level or in state legislatures. Nationwide, fewer than 1% of districts have used Chapter 2 for career ladders or merit pay or for lengthening the school day or year. Increasing graduation requirements has been an area addressed with Chapter 2 funds by 6% of the districts.

We should note, however, that these self-reports may understate the fit between Chapter 2 and some types of reforms. Career ladders for teachers provide the best example. In states that have introduced these programs, our local visits indicated that local Chapter 2 activities in staff development are helping teachers move up the ladder, although this is not generally stated as a primary goal of the Chapter 2 program. Moreover, the use of Chapter 2 to support new arrangements for teacher advancement is

Table III-10

DISTRICT PRIORITIES MATCHING NATIONAL OR STATE REFORM AGENDAS

District Size (Enrollment)	Percentage of districts in which Chapter 2 coordinators report a major local priority in the area of... Instruction in computer literacy math, or science	Improving student test scores	Increasing time on task	Implementing effective schools research	Increasing graduation requirements	Decreasing dropout rate	Lengthening day/year	Partnerships with business	Teacher career ladders/ merit pay
Very large (25,000 or more)	82%	66%	45%	50%	39%	29%	17%	38%	23%
Urban	79	63	42	45	41	34	16	43	23
Suburban	85	66	49	61	32	23	14	24	21
Large (10,000 to 24,999)	85	59	45	47	45	22	12	25	18
Medium (2,500 to 9,999)	74	47	38	40	32	17	10	14	7
Small (600 to 2,499)	76	38	27	31	30	6	12	6	4
Very small (under 600)	71	41	25	19	21	7	8	6	9
All districts	74	42	29	29	28	10	10	8	7

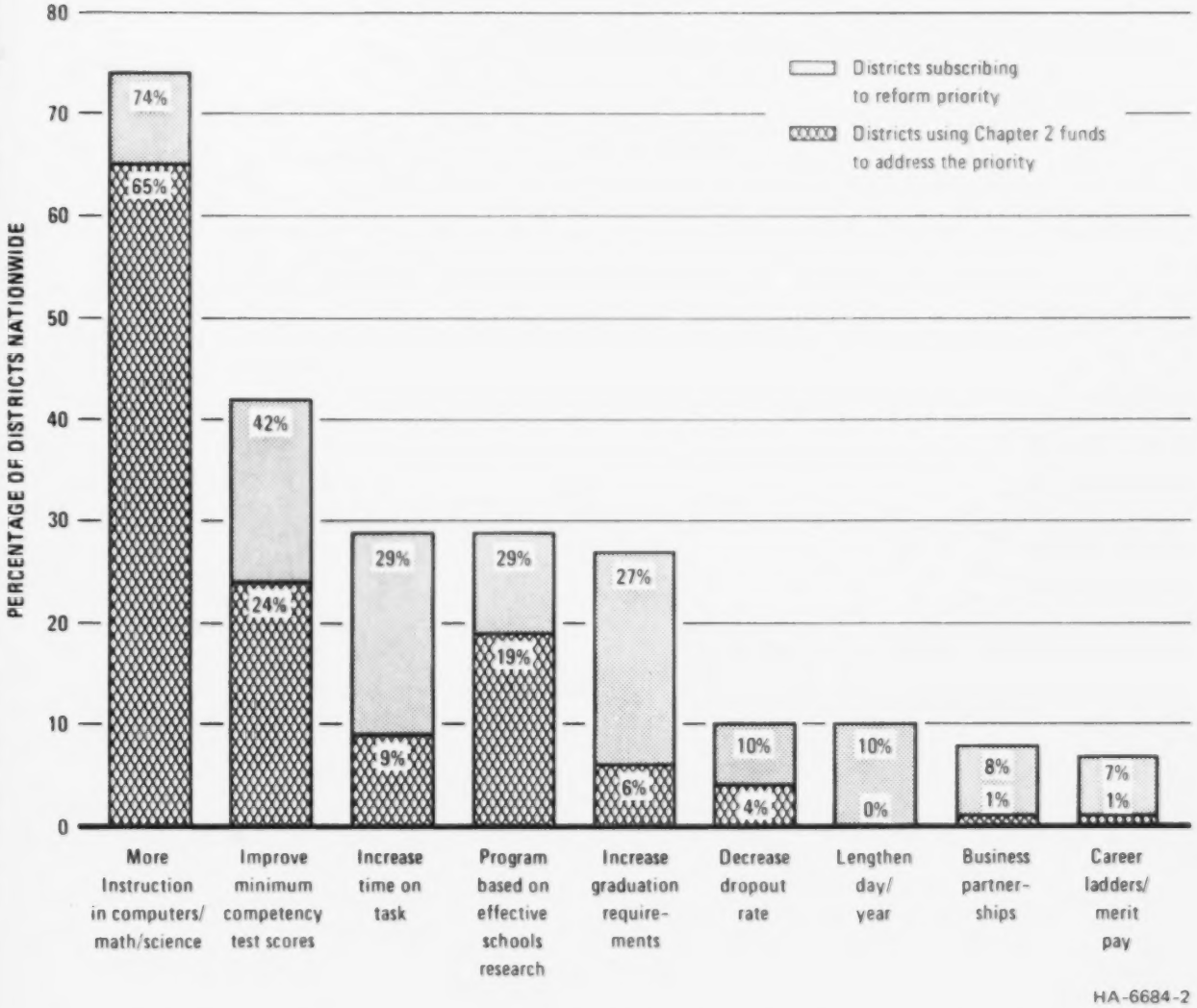

FIGURE III-1 REFORM PRIORITIES SUBSCRIBED TO BY DISTRICTS AND ADDRESSED WITH CHAPTER 2

having a significant effect in some large districts (where many teachers may participate). For example:

- A staff development program in one very large district is not only helping experienced teachers attain "master teacher" status but also training the new teachers who were hired with emergency credentials in response to a teacher shortage.

Another major source of state influence is student competency testing--a type of legislative initiative that clearly inspired several of the uses that we found for Chapter 2 funds:

- A large district has mounted a program of instruction in basic skills to improve students' performance on a state functional reading test.

- A very large district, looking ahead to impending state tests in science and computer literacy, has bought science equipment and computers.

Our survey data allow us to describe the Chapter 2 activities carried out in those districts whose uses of the block grant were reportedly influenced either by national or state reform reports or by state mandates or priorities. Table III-11 shows the activities that Chapter 2 supports in such districts, compared with all districts. The reader should remember that the districts in column 1 or 2 (those in which reforms, mandates, or state priorities reportedly influenced the Chapter 2 program) represent fewer than 10% of districts and that they tend to be larger districts (see Table III-9). Districts in which coordinators reported a major influence from reform reports tend to be engaged more heavily in curriculum or new-program development under Chapter 2 than other districts. To a lesser extent, they are also doing more in staff development. The districts where state mandates or priorities were reportedly a major influence are especially heavily involved in staff development under Chapter 2. They are also more likely to use Chapter 2 to support instructional services or to develop curriculum or new programs.

Table III-11

RELATIONSHIP BETWEEN REFORM REPORTS OR STATE PRIORITIES AND USES OF CHAPTER 2 FUNDS

Activity	Percentage reporting support for each type of districts in which... Recommendations of national or state reform reports were a major influence on Chapter 2 decisions	State mandates or priorities were a major influence on Chapter 2 decisions	(All districts)
Computer hardware/software	83	74	(72)
Support for libraries, media centers, etc.*	68	78	(68)
Curriculum/new-program development	36	32	(25)
Student support services	15	17	(15)
Instruction	19	27	(16)
Staff development	34	48	(27)

*Includes instructional materials and equipment other than computer hardware or software for any school or district department (chiefly for libraries and media centers).

Summary

On the whole, local administrators see Chapter 2 as a highly flexible source of funds. The intergovernmental procedures designed for the program seem to be having their intended effect of imparting a sense of local discretion (as perceived by Chapter 2 coordinators, at least). In fact, many coordinators consider the Chapter 2 grant to be more flexible than their own local funds.

Still, Chapter 2 is seen as neither unprecedented in its flexibility nor entirely without restrictions. Just over half of the coordinators surveyed rated its flexibility as "about the same" as that of Title IV-B. A sizable number also find the Chapter 2 grant less flexible than local funds. This perception does not mean that coordinators believe that they are forbidden to use the grant in the ways they would like; on the contrary, very few of those we interviewed could think of any worthwhile purpose for which Chapter 2 could not be used. They simply seem to be acknowledging that the grant comes with some requirements, such as supplement-not-supplant, that they must observe.

Several types of intergovernmental interactions seem to affect the local implementation of Chapter 2. The lists of program purposes that states include on their application forms have reportedly shaped many districts' options. Court orders continue to compel some districts to maintain the activities begun under ESAA. More indirectly, the history of funding for certain activities, especially the purchases made under Title IV-B, seems to have created local decisionmaking patterns that persist in some districts in spite of the new flexibility that Chapter 2 affords.

When asked whether anything would improve Chapter 2, a sizable minority of coordinators expressed a wish for less guidance from the federal or state level. These coordinators tend to be in smaller districts, and they tend not to have had prior experience managing federal or state programs. A few coordinators, mostly in very large districts, want more outside guidance.

Instruction in computers, math, or science is the area in which Chapter 2 has permitted the greatest number of districts to follow national reform agendas. Other reform initiatives that have received national attention are not driving the use of Chapter 2 funds. Staff development and student instruction have apparently been stimulated by state mandates or priorities in some districts (chiefly larger ones), and federal or state reform reports have prompted some districts (also large ones, for the most part) to develop curricula or new programs. However, fewer than 10% of coordinators nationwide report that reform agendas or state priorities were a major influence on their Chapter 2 programs. In a sense, this pattern reinforces the overall conclusion that local priorities drive district decisions under this block grant.

IV CONCLUSIONS

Our investigation of intergovernmental relations under Chapter 2 showed that interactions between local districts and other levels of government have quickly become routinized and relatively trouble-free. Most state-local interactions are simple local requests for clarification of application procedures or allowable uses. Neither monitoring nor auditing has stirred much local concern. Although most districts have not yet been visited by state monitors in connection with Chapter 2, they tend not to report any particular uncertainty or worry associated with this fact.

In developing procedures for implementing the program, SEAs in different states respond differently to signals in the law, which on the one hand retains some of the administrative apparatus of categorical programs (such as state review of local applications and state responsibility for ensuring local compliance with fiscal requirements), yet prohibits SEAs from influencing local educational decisions. Some SEAs have responded by minimizing their interactions with local districts--holding few meetings, asking few questions about local applications, and visiting few districts. Others have been much more active in some or all of these respects. SEAs also vary in the extent to which they provide technical assistance with program mechanics (such as how to fill out the application) or educational services.

Despite this variation, we found many similarities across states. Not only were administrative procedures routinized and the level of anxiety low nearly everywhere we visited, but SEAs are overwhelmingly leaving program choices in the hands of local districts. State coordinators told us they are making conscious efforts to stay out of program decisions, and our local data bear them out. Few local coordinators perceive their SEAs as "directive."

Local programs are not unaffected by state priorities, however. Although only a small fraction of local coordinators reported that state mandates or priorities were a major source of influence on decisions, we found many examples of subtle or indirect influence. Some SEA staff members encourage district administrators to put Chapter 2 funds into particular types of programs, such as gifted and talented programs in one state. The lists of program purposes appearing on state application forms may dictate the options considered locally. Also, state initiatives such as competency testing create incentives for districts to set up particular types of programs.

Although local decisions are not quite as independent of state influence as coordinators say they are, the intergovernmental interactions under this block grant nevertheless have transmitted a clear message of local discretion and flexibility. Coordinators report that only minimal constraints are associated with the program. They recognize that the law carries with it some requirements, such as using the funds to supplement and not supplant local spending, which rule out such choices as lowering local property taxes by the amount of the Chapter 2 grant. However, our field research turned up virtually no instances of local decisionmakers who wanted to do something that could not be accommodated under the program's requirements.

The extent of educational innovation taking place under Chapter 2 varies widely.* Although a strong sense of flexibility has been conveyed by the state and federal governments, many districts use the funds to continue the same types of programs and purchases that they had under the antecedent programs. The lists of antecedent program purposes that states typically include in their application forms have been one factor in channeling district choices into options that are already familiar from these progams.

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* See Knapp (1986) for a more extended discussion of the block grant's effects on innovation at the local level.

Another factor has been the local decisionmaking patterns established under the prior programs; for example, some librarians and media-center directors have retained control of the funds. Further, continuing to purchase supplemental instructional materials has given some administrators a sense of confidence about being in compliance with the law. However, as our summary report on activities under Chapter 2 describes, many districts are responding to the program's flexibility by starting new activities (see Knapp and Blakely, 1986).

With the exception of instruction in computer literacy, math, or science, activities under Chapter 2 tend not to correspond to the recommendations of A Nation at Risk or other national or state reform reports. Larger districts are more apt than smaller ones to use Chapter 2 to follow national or state reform agendas, and those agendas seem to have indirect influences on some types of activities, such as staff development (where local Chapter 2 programs may dovetail with state initiatives like career ladders). On the whole, though, Chapter 2 has not been viewed at the local level as a major vehicle for implementing the reform agendas of recent years.

In this concluding chapter, we analyze the implications of these findings for larger issues regarding block grants in education. We discuss the effects on Chapter 2 of prior state and local experience with categorical programs and the nature of the federal role signaled by Chapter 2.

Categorical Program History as an Influence on Chapter 2

The experience of implementing Chapter 2 would almost certainly have been different if it had not taken place in the context of an extensive history of categorical programs in which federal aid flowed to local districts, often through SEAs. Under Chapter 2, state and local officials quickly settled into a routine of applications, record keeping, and compliance with provisions such as supplement-not-supplant because these

were all familiar parts of other categorical programs. Chapter 2 simplified many procedures but did not alter the basic administrative framework associated with federal funds.

We think that experience with other programs explains not only the ease of implementing the law's procedures but also the rapid abatement of anxiety in the intergovernmental system. For example, at the start of Chapter 2 many state and district officials expressed concern that in the future auditors would impose strict limits on what appeared to be a flexible law, and that districts would then face penalties for breaking rules that no one had known about. Our research, taking place in the third year of the program, found that "audit anxiety" has become a nonissue. We conclude from our fieldwork that a major reason is that districts' accounting procedures for Chapter 2 are the same ones they use for large, frequently audited programs like Chapter 1. Following these procedures allows local staff to feel confident about future audits.

The programmatic history of other categorical funds at the local level has also influenced choices under Chapter 2. For example, activities that began under Title IV-B or ESAA have continued in many local districts. Some districts have used the funds to extend the services offered to special target groups, such as the disadvantaged or those with limited English proficiency. In many of these cases, categorical programs have helped to structure the local perception of options for Chapter 2.

Chapter 2 and the Federal Role in Education

Consolidation of federal education programs is not an entirely new phenomenon. The enactment of ESEA Title IV in 1974 represented a response to various pressures for program simplification (McDonnell and McLaughlin, 1980). Chapter 2 takes a further step in program consolidation by including numerous programs with diverse purposes under the general heading of "educational improvement." Although the program is still relatively young and some perceptions may change over time, we can draw some conclusions

about its relationship to the broader system of intergovernmental grants in education.

First, this block grant has conveyed the intended sense of local flexibility to both SEAs and local districts. Initial concerns that district staff would feel constrained by audit anxiety or improper state influences have not been borne out. Although many districts are not using Chapter 2 to make new programmatic departures, local decisionmakers do understand that their range of choice under the block grant is as broad as they could wish.

Second, local staff recognize and appreciate the reduction in administrative burden associated with a block grant. This conclusion is discussed in more detail in the report on the achievement of the block grant's legislative goals (Knapp, 1986). Briefly, with some exceptions (chiefly in the area of private school students' participation), local coordinators find little that is burdensome or difficult about implementing Chapter 2.

Beyond these rather simple conclusions, some special characteristics of Chapter 2 leave us unable to generalize more broadly about its effects. First, Chapter 2 is not a large program. On average, a district's grant represents a small percentage of the discretionary funding available to district decisionmakers from federal or state sources. Seldom can a typical Chapter 2 grant alter the overall pattern of intergovernmental relations for a district. We do not mean to imply that Chapter 2 is unimportant, but simply that more interest or controversy might have been generated by a larger program.

Second, Chapter 2 has been both preceded and surrounded by many large categorical programs. The existence of standard operating procedures for handling federal funds at the state and local levels has been a major influence on the smoothness of Chapter 2's implementation. Moreover, the presence of other categorical programs seems to affect local opinions on

Chapter 2. Federal funds--and large amounts of them--are earmarked for the handicapped, the educationally disadvantaged, vocational education students, adults without high school diplomas, and other target groups. Many local officials appear able to enjoy the flexibility of Chapter 2, in part because these other categorical programs continue to direct attention and funds to special-needs populations.

The third special characteristic of Chapter 2 is related to this point. Unlike many existing categorical programs, the ones folded into Chapter 2 had small constituencies. The primary group with a vested interest in the antecedent programs was school librarians, and their influence is clearly seen in the continuation of the types of purchases made under ESEA Title IV-B. Otherwise, the programs were so small (e.g., Metric Education) or affected so few school districts (e.g., Teacher Corps) that little sustained resistance was met in the transition to Chapter 2. The massive opposition in the early 1980s to the federal proposal to put vocational and handicapped education funds into a block grant illustrated the reaction that can arise when sizable constituencies are threatened.

Historically, the federal role in education has taken one of two forms: (1) services to special-needs populations, such as the disadvantaged or the handicapped, or (2) attention to areas of national concern, such as educational research or the dissemination of model practices.* Chapter 2 signals a new role. Within minimal constraints, the federal government provides supplemental funds that local decisionmakers may spend in accordance with local needs and priorities. This means that, for the first time in a federal education program serving virtually all districts

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*One exception is the "Impact Aid" program which provides general aid to school districts with students whose parents live on or near federally owned property, such as military bases. Impact Aid funds are intended to compensate for the districts' loss of potential property tax revenues from these lands. Impact Aid, although a significant program, affects relatively few districts throughout the country.

nationwide, the level of government providing the funds is not dictating the use of the funds.

Chapter 2, however, is a hybrid. Whereas it provides federal funds for education, it mandates the use of those funds for local priorities. Whereas it maintains most of the trappings of categorical programs, it is supposed to relieve difficulties of the categorical grants-in-aid system.

Chapter 2 has brought about no revolutionary changes in intergovernmental relations in education. This fact is somewhat ironic because the federal priorities embodied in the program--streamlining administrative processes and minimizing federal and state intervention in local decisions--have to do with intergovernmental procedures. However, within the confines of this program, these federal priorities have been achieved. Our study found widespread local recognition of these procedural simplifications and local approval of Chapter 2.

There is further irony in the fact that past experience with categorical programs forms the foundation for many of the practices we found in this investigation of intergovernmental relations. Although such routines as applications and monitoring have been simplified for Chapter 2, many local officials told us that they fall back on standard operating procedures as an easy way to comply with the law. Furthermore, rather than serving as a major vehicle for any educational reform other than computer instruction, Chapter 2 in many districts supports the continuation of activities that began under Title IV-B or ESAA. These earlier federal programs seem to have helped define local priorities that remain strong in many places.

Both this history and the retention of familiar administrative procedures at the SEA level have led to a sense of continuity in intergovernmental interactions. Although local administrators recognize and appreciate their decisionmaking flexibility under Chapter 2, the program has not changed their broader perception of the structure of intergovernmental relations in education.

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Appendix A

TECHNICAL NOTE AND STANDARD ERROR TABLES

Technical Note

The tables in text and in this appendix are all based on population (or subpopulation) n's, estimated by multiplying raw n's within each cell of the survey stratification grid by the inverse of the sampling fraction (recalculated to reflect nonresponse) and by the inverse of the item matrix sampling fraction. Thus, all percentages, means, and medians in the tables are national estimates. For further detail on sampling and weighting procedures, see the methodological appendix to the main report of the study (Knapp and Blakely, 1986).

Standard Error Tables

This appendix contains replications of tables from the text of this report and relevant population estimates and standard error values. Confidence intervals around estimated population means (or proportions) can be calculated by:

$$+/- 1.96 (Se_x) \quad [p < .05]$$

The significance of differences between nonoverlapping samples can be determined from the normally distributed statistic:

$$(M_1' - M_2') / (Se_1^2 + Se_2^2)^{1/2}$$

where:

M_i = mean (or proportion) of each sample

Se_i = corresponding standard errors

N's in tables do not match the population figures precisely (See "Notes for Reading Tables") due to missing data.

Table A-II-1

INTERACTIONS SEAs INITIATE WITH DISTRICTS,
BY SIZE OF DISTRICT
(Standard Errors Are in Parentheses)

District Size (Enrollment)	Percentage of districts reporting that the SEA... Held meeting(s) to explain the program	Asked questions about the local application	Questioned proposed uses of funds	Conducted a monitoring visit	Conducted an auditing visit	Requested data for evaluation	Provided technical assistance on program mechanics	Provided technical assistance on educational services
Very large (25,000 or more) (n=149)	83 (3)	45 (4)	27 (3)	58 (3)	34 (3)	56 (4)	64 (4)	51 (4)
Urban (n=87)	82 (4)	43 (5)	26 (5)	61 (4)	28 (4)	56 (5)	63 (5)	54 (6)
Suburban (n=63)	85 (5)	48 (7)	30 (6)	53 (6)	42 (5)	56 (6)	67 (6)	47 (6)
Large (10,000 to 24,999) (n=446)	82 (4)	39 (5)	14 (3)	47 (5)	33 (5)	62 (5)	67 (5)	39 (5)
Medium (2,500 to 9,999) (n=2933)	76 (2)	39 (3)	23 (2)	43 (2)	33 (3)	50 (3)	59 (3)	42 (3)
Small (600 to 2,499) (n=5,279)	69 (4)	31 (4)	16 (3)	41 (4)	33 (4)	45 (4)	47 (4)	28 (4)
Very small (under 600) (n=5,735)	48 (8)	28 (7)	20 (5)	29 (7)	23 (7)	23 (6)	33 (7)	16 (5)
All districts (n=14,541)	63 (4)	32 (3)	19 (2)	37 (3)	29 (3)	39 (3)	45 (4)	27 (3)

Table A-II-2

INTERACTIONS DISTRICTS INITIATE WITH SEAs,
BY SIZE OF DISTRICT
(Standard Errors Are In Parentheses)

District Size (Enrollment)	Percentage of districts reporting that the district asked the SEA about... Forms	Allowable uses	Educational services (in public schools)	Amount of Chapter 2 allocation	Evaluation	Monitoring	Auditing	Serving private school students*	Citizen participating
Very large (25,000 or more) (n=149)	75 (3)	67 (3)	32 (3)	43 (4)	51 (4)	38 (4)	25 (3)	55 (8)	15 (3)
Urban (87)	72 (5)	57 (5)	22 (5)	41 (6)	46 (5)	35 (5)	17 (4)	59 (17)	18 (4)
Suburban (63)	80 (6)	82 (4)	46 (6)	47 (7)	58 (7)	42 (7)	36 (7)	46 (9)	10 (3)
Large (10,000 to 24,999) (n=446)	75 (4)	78 (4)	26 (4)	46 (5)	44 (4)	32 (5)	23 (4)	32 (7)	19 (4)
Medium (2,500 to 9,999) (n=2,933)	73 (2)	69 (2)	21 (2)	33 (2)	36 (3)	23 (2)	19 (2)	37 (5)	11 (2)
Small (600 to 2,499) (n=5,279)	67 (4)	66 (4)	16 (3)	33 (4)	33 (4)	18 (3)	14 (3)	38 (9)	6 (2)
Very small (under 600) (n=5,735)	61 (8)	59 (8)	12 (5)	18 (6)	11 (3)	24 (7)	9 (5)	** (**)	3 (2)
All districts (n=14,541)	66 (4)	64 (4)	16 (3)	28 (3)	26 (2)	22 (3)	14 (2)	40 (4)	7 (1)

*Percentage in this column are based only on districts with private schools.

**Numbers are too small for valid estimate.

8.1

Table A-II-3

STATE DIFFERENCES IN SEA INTERACTIONS WITH DISTRICTS

	Percentage of districts reporting that the SEA...							
	Held meeting(s) to explain the program	Asked questions about the local application	Questioned proposed uses of funds	Conducted a monitoring visit	Conducted an auditing visit	Requested data for evaluation	Provided technical assistance on program mechanics	Provided technical assistance on educational services
State A	28	0	12	65	60	69	70	69
State B	87	44	9	94	76	72	50	72
State C	91	16	13	91	43	52	77	23
State D	24	61	24	62	53	24	20	9
State E	87	26	11	44	11	45	79	77
State F	75	21	6	48	28	32	29	21
State G	48	8	6	13	12	37	26	14
Nationwide Average	63	32	19	37	29	38	45	27

Table A-II-4

DISTRICTS' REPORTS OF STATE INFLUENCES
(Standard Errors Are in Parentheses)

Area	Percentage of Districts Nationwide Responding Yes*
	(n=14,667)
State had no influence	45 (4)
State influenced:	
Mechanics of applying for funds	38 (3)
District record keeping	34 (4)
District evaluation activities	21 (2)
Choice of programs or purchases	18 (3)
Types of students served	4 (1)
Arrangements for consultation with the public	4 (1)
Types of services for private school students	4 (1)

*Totals add to more than 100% because multiple responses were allowed.

Table A-III-1

COMPARISON OF CHAPTER 2 FLEXIBILITY
WITH THAT OF SELECTED ANTECEDENT PROGRAMS
(Percentage of Those Districts Formerly Receiving
Funds Under the Antecendent Program)
(Standard Errors Are in Parentheses)

	Compared with...		
Chapter 2 Is...	Title IV-B	Title IV-C	ESAA
	(n=4,427)*	(n=1,878)*	(n=328)*
More flexible	46 (4)	68 (6)	65 (9)
About the same	53 (4)	27 (6)	27 (7)
Less flexible	1 (2)	5 (3)	8 (6)

*Excludes cases in which survey respondent did not have responsibility for the program prior to Chapter 2.

Table A-III-2

COMPARISON OF CHAPTER 2 FLEXIBILITY
WITH THAT OF LOCAL FUNDS
(Percentage of All Districts)
(Standard Errors Are in Parentheses)

Chapter 2 Is...	(n=14,474)
More flexible	32 (4)
About the same	41 (3)
Less flexible	28 (4)

Table A-III-3

INTERGOVERNMENTAL FACTORS LIMITING HOW CHAPTER 2 FUNDS ARE USED

(Standard Errors Are in Parentheses)

District Size (Enrollment)	Percentage of Districts in Each Size Category Reporting Limitations Due To...				
	Nothing	State regs/ guidelines	Federal guidelines	Uncertainty about funding	Uncertainty about audits
Very large (25,000 or more) (n=150)	26 (3)	31 (3)	38 (4)	37 (4)	23 (3)
Urban (n=87)	29 (4)	26 (5)	42 (6)	39 (5)	16 (3)
Suburban (n=63)	27 (5)	34 (6)	28 (6)	35 (6)	30 (6)
Large (10,000 to 24,999) (n=441)	26 (4)	38 (5)	38 (5)	23 (4)	10 (3)
Medium (2,500 to 9,999) (n=2,878)	33 (2)	32 (2)	33 (2)	24 (2)	13 (2)
Small (600 to 2,499) (n=5,202)	44 (4)	24 (4)	26 (4)	23 (4)	8 (2)
Very small (under 600) (n=5,670)	34 (8)	35 (7)	19 (5)	16 (4)	8 (5)
All Districts (n=14,343)	37 (4)	30 (3)	25 (3)	21 (2)	9 (2)

Table A-III-5

USING BLOCK GRANT FUNDS TO CHANGE ACTIVITY AREAS

(Standard Errors Are in Parentheses)

District Size Category (n) (Enrollment)	Percentage of districts in each size category that used block grant funds in the 1984-85 school year to support... ...a new activity area supported by 1981-82 antecedent funds)	...a new activity area other than computer applications
Very large (25,000 or more) (n=148)	77 (3)	61 (4)
Urban (n=82)	84 (3)	65 (5)
Suburban (n=66)	69 (5)	56 (5)
Large (10,000 to 24,999) (n=411)	86 (3)	70 (4)
Medium (2,500 to 9,999) (n=2,595)	79 (2)	49 (3)
Small (600 to 2,499) (n=4,296)	81 (4)	38 (5)
Very Small (Under 600) (n=4,802)	67 (8)	35 (7)
All Districts (n=12,252)	75 (4)	41 (3)

Table A-III-6

INTERGOVERNMENTAL CHANGES RECOMMENDED FOR CHAPTER 2

(Standard Errors Are in Parentheses)

District Size (Enrollment)	Percentage of districts in each size category indicating that the following would improve Chapter 2: Nothing	Less federal guidance/ regulation	Less state interference	More federal guidance	More state guidance	Change state formula	Change use of state set-aside	Clarify audit procedures
Very large (25,000 or more) (n=151)	20% (3)	16% (3)	5% (2)	10% (2)	9% (2)	25% (3)	22% (3)	25% (3)
Urban (n=86)	15 (3)	23 (3)	12 (2)	8 (4)	4 (2)	29 (4)	26 (5)	17 (3)
Suburban (n=43)	27 (7)	8 (3)	6 (2)	3 (3)	18 (6)	19 (4)	16 (5)	34 (6)
Large (10,000 to 24,999) (n=399)	34 (5)	28 (5)	4 (2)	2 (1)	3 (1)	12 (3)	15 (4)	29 (5)
Medium (2,500 to 9,999) (n=2,599)	40 (3)	25 (2)	5 (1)	2 (1)	3 (1)	14 (2)	11 (2)	14 (2)
Small (600 to 2,499) (n=4,461)	50 (5)	26 (4)	8 (3)	1 (*)	3 (1)	16 (3)	5 (1)	9 (3)
Very small (under 600) (n=5,166)	35 (7)	32 (7)	17 (7)	0 (*)	5 (4)	19 (6)	12 (6)	13 (4)
All districts (n=12,776)	41 (3)	28 (3)	11 (3)	1 (*)	4 (2)	17 (3)	9 (3)	13 (2)

* Less than 1%

Table A-III-7

RELATIONSHIP BETWEEN CHAPTER 2 COORDINATOR'S EXPERIENCE AND RECOMMENDED INTERGOVERNMENTAL CHANGES

(Standard Errors Are in Parentheses)

Coordinator's Preference	Percentage of all districts in which Chapter 2 coordinator has...	
	No prior experience coordinating federal/ state programs	Prior experience coordinating federal/ state programs
	(n=4,494)	(n=7,999)
Less federal guidance	37% (5)	23% (5)
Less state guidance	19 (6)	6 (6)
More federal guidance	0 (*)	1 (*)
More state guidance	3 (1)	3 (3)

* Less than 1%

Table A-III-8

RELATIONSHIP BETWEEN CHAPTER 2 COORDINATOR'S EXPERIENCE AND RECOMMENDED INTERGOVERNMENTAL CHANGES-- VERY SMALL DISTRICTS ONLY

(Standard Errors Are in Parentheses)

Coordinator's Preference	Percentage of very small districts nationwide in which Chapter 2 coordinator has...	
	No prior experience coordinating federal/ state programs	Prior experience coordinating federal/ state programs
	(n=2,546)	(n=2,537)
Less federal guidance	43% (8)	19% (8)
Less state guidance	29 (11)	6 (11)
More federal guidance	0 (*)	0 (*)
More state guidance	1 (1)	9 (6)

* Less than 1%

Table A-III-9

DISTRICTS REPORTING THAT NATIONAL REFORMS OR STATE PRIORITIES INFLUENCED CHAPTER 2 DECISIONS

(Standard Errors Are in Parentheses)

District Size (Enrollment)	Percentage of districts in each size category reporting that a main influence on decisions was...	
	Reform Report Recommendations	State Mandates or Priorities
Very large (25,000 or more) (n=162)	10% (1)	14% (2)
Urban (n=92)	8 (1)	15 (2)
Suburban (n=70)	13 (2)	14 (2)
Large (10,000 to 24,999) (n=461)	16 (3)	15 (3)
Medium (2,500 to 9,999) (n=2,954)	11 (1)	13 (1)
Small (600 to 2,499) (n=5,204)	9 (2)	8 (2)
Very small (under 600) (n=5,989)	6 (3)	9 (3)
All districts (n=14,771)	9% (2)	9% (1)

Table A-III-10

DISTRICT PRIORITIES MATCHING NATIONAL OR STATE REFORM AGENDAS

(Standard Errors Are in Parentheses)

District Size (Enrollment)	Percentage of districts in which Chapter 2 coordinators report a major local priority in the area of...								
	Instruction in computer literacy math, or science	Improving student test scores	Increasing time on task	Implementing effective schools research	Increasing graduation requirements	Decreasing dropout rate	Lengthening day/year	Partnerships with business	Teacher career ladders/ merit pay
Very large (25,000 or more) (n=148)	82% (3)	66% (4)	45% (4)	50% (4)	39% (4)	29% (4)	17% (3)	38% (4)	23% (3)
Urban (n=88)	79 (4)	63 (5)	42 (6)	45 (4)	41 (5)	34 (6)	16 (4)	43 (6)	23 (5)
Suburban (n=60)	85 (4)	66 (9)	49 (9)	61 (6)	32 (9)	23 (5)	14 (4)	24 (8)	21 (8)
Large (10,000 to 24,999) (n=423)	85 (3)	59 (5)	45 (5)	47 (5)	45 (5)	22 (4)	12 (3)	25 (4)	18 (4)
Medium (2,500 to 9,999) (n=2,772)	74 (2)	47 (3)	38 (3)	40 (3)	32 (3)	17 (2)	10 (2)	14 (2)	7 (1)
Small (600 to 2,499) (n=5,038)	76 (4)	38 (4)	27 (4)	31 (4)	30 (4)	6 (2)	12 (3)	6 (2)	4 (2)
Very small (under 600) (n=5,218)	71 (8)	41 (9)	25 (9)	19 (7)	21 (9)	7 (7)	8 (3)	6 (6)	9 (7)
All districts (n=13,599)	74 (4)	42 (4)	29 (4)	29 (3)	28 (4)	10 (3)	10 (2)	8 (3)	7 (3)

Table A-III-11

RELATIONSHIP BETWEEN REFORM REPORTS OR STATE PRIORITIES AND USES OF CHAPTER 2 FUNDS

(Standard Errors Are in Parentheses)

Activity	Percentage reporting support for each type of districts in which... Recommendations of national or state reform reports were a major influence on Chapter 2 decisions	State mandates or priorities were a major influence on Chapter 2 decisions	(All districts)
	(n=1,263)	(n=1,395)	(n=15,454)
Computer hardware/software	83 (2)	74 (7)	72 (2)
Instructional resource support	68 (4)	78 (9)	68 (3)
Curriculum/new-program development	36 (4)	33 (5)	25 (2)
Student support services	15 (3)	17 (4)	15 (1)
Instruction	19 (2)	27 (8)	16 (2)
Staff development	34 (3)	45 (9)	27 (2)

Appendix B

LIST OF ANTECEDENT PROGRAMS

CONSOLIDATED INTO THE CHAPTER 2 BLOCK GRANT

Program Name	Authorization
1. Basic Skills Improvement (Basic Grant) - Parent Participation - Out of School Program	Title II, ESEA
2. Metric Education	Part B, Title III, ESEA
3. Arts in Education	Part C, Title III, ESEA
4. Preschool Partnership Programs	Part D, Title III, ESEA
5. Consumer Education	Part E, Title III, ESEA
6. Youth Employment	Part F, Title III, ESEA
7. Law-Related Education	Part G, Title III, ESEA
8. Environmental Education	Part H, Title III, ESEA
9. Health Education	Part I, Title III, ESEA
10. Correction Education	Part J, Title III, ESEA
11. Dissemination of INformation	Part K, Title III, ESEA
12. Biomedical Sciences	Part L, Title III, ESEA
13. Population Education	Part M, Title III, ESEA
14. International Cultural Understanding	Part N, Title III, ESEA
15. School Library Resources	Part B, Title IV, ESEA
16. Support & Innovation	Part C, Title IV, ESEA
17. Guidance & Counseling	Part D, Title IV, ESEA
18. Strengthening State AGencies	Part B, Title V, ESEA
19. Emergency School Aid	Title VI, ESEA (formerly ESAA)
1) Basic Grants to LEAs - New - Continuation	

2) Grants to Nonprofit Organizations
   - New
   - Continuation

3) Magnet Schools

   - New
   - Continuation

4) Special Projects
   - Planning Grants (new)
   - Preimplementation
   - Out-of-Cycle Grants
   - Special Discretionary Grants
   - SEA Grants
   - Arts

20.	Community Schools/Ed. - LEA - SEA - Institutions of Higher Education - Nonprofit Organizations	Title VIII, ESEA
21.	Gifted & Talented - Statewide Planning - Professional Development - Model Demonstration Projects	Part A, Title IX, ESEA
22.	Educational Proficiency	Part B, Title IX, ESEA
23.	Safe Schools	Part D, Title IX, ESEA
24.	Ethnic Heritage	Part E, Title IX, ESEA
25.	Teacher Corps - 1978 Program - 1979 Program	Part A, Title V, HEA
26.	Teacher Centers - New - Continuation	Part B, Title V, HEA
27.	Follow Through - LEAs (Compensatory Ed.) - Sponsors - Resource Centers	Part B, Head Start & Follow Through Act (phase in to Chapter 2)
28.	Precollege Science Teacher Training	Section 3(a)(1), National Science Foundation Act
29.	Career Education	Career Education Incentive Act

30.	Alcohol & Drug Abuse Education	Alcohol & Drug Abuse Act
31.	Cities in Schools	Authorization uncertain
32.	Push for Excellence	Authorization uncertain

Abbreviations

ESEA - Elementary and Secondary Education Act of 1965, as amended in 1978

ESAA - Emergency School Aid Act (part of ESEA)

HEA - Higher Education Act